



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS	REDEVELOPMENT AGENCY
Dennis Kennedy, Mayor	Dennis Kennedy, Chair
Steve Tate, Mayor Pro Tempore	Steve Tate, Vice-Chair
Larry Carr, Council Member	Larry Carr, Agency Member
Mark Grzan, Council Member	Mark Grzan, Agency Member
Greg Sellers, Council Member	Greg Sellers, Agency Member

WEDNESDAY, APRIL 20, 2005

AGENDA

JOINT MEETING

CITY COUNCIL SPECIAL AND REGULAR MEETING

and

REDEVELOPMENT AGENCY SPECIAL MEETING

6:00 P.M.

A Special Meeting of the City Council and Redevelopment Agency is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions.

Dennis Kennedy, Mayor/Chairman

CALL TO ORDER

(Mayor/Chairperson Kennedy)

ROLL CALL ATTENDANCE

(Deputy City Clerk/Agency Secretary Malone)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Deputy City Clerk/Agency Secretary Malone)

6:00 P.M.

City Council Action and Redevelopment Agency Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 4

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: General Lighting Service, Inc. v. Wells Construction Group, et al. [Consolidated
Actions]
Case Number: Santa Clara County Superior Court, Lead Case No. 1-04-CV-025561

3.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: City of Morgan Hill v. Hernandez
Case Number: Santa Clara County Superior Court, Case No. 1-04-CV-020063

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITION

Day Worker Center Committee and Workers
Mayor Kennedy

Urban Limit Line Committee
Mayor Kennedy

Business Recycler of the Year - Fox Racing
Residential Recycler of the Year - The Becker Household
Julie Osborne, South Valley Disposal

PROCLAMATIONS

National Volunteer Month
Evan Low, Tim Quigley, Jr.
Volunteer Center of Silicon Valley

PRESENTATIONS

Housing Trust of Santa Clara County
County Supervisor Don Gage

Water Resources Protection Collaborative
Rosemary Kamei, Santa Clara Valley Water District

Progress Report on Water Resources Collaborative
Ann Draper, Santa Clara Valley Water District
Jim Ashcraft, Director of Public Works

CITY COUNCIL REPORT

Council Member Mark Grzan

CITY COUNCIL SUB-COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

City Treasurer's Quarterly Report
City Treasurer Roorda

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.
(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**
(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

City Council Action

CONSENT CALENDAR:

ITEMS 1-14

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate
Consent Calendar: 1 - 10 Minutes

Page

1. **MARCH 2005 FINANCE & INVESTMENT REPORT**9
Recommended Action(s): Accept and File Report.

2. **AWARD CONTRACT FOR CONSTRUCTION OF INTERIM OVERFLOW PARKING LOT AT THE AQUATICS CENTER**33
Recommended Action(s):
 1. Award Contract for Construction of the Interim Overflow Parking Lot at the Aquatics Center to Trinchero Construction in the Amount of \$50,477; Subject to Review and Approval by the City Attorney; and
 2. Authorize Expenditure of up to 10% (\$5,048) for Construction Contingency.

3. **AGREEMENTS WITH PACIFIC MUNICIPAL CONSULTANTS, AND THE INSTITUTE & CORRALITOS CREEK LLC REGARDING IMPLEMENTATION OF THE INSTITUTE GOLF COURSE PUD MITIGATION MONITORING AND REPORTING PLAN (MMRP)**36
Recommended Action(s):
 1. Authorize the City Manager to Execute the Agreement between the City of Morgan Hill and Pacific Municipal Consultants, Subject to Review and Approval by the City Attorney; and
 2. Authorize the City Manager to Execute the Agreement between the City of Morgan Hill and The Institute & Corralitos Creek, LLC; Subject to Review and Approval by the City Attorney.

4. **APPROVAL OF INSTALLATION OF PERCHLORATE REMOVAL SYSTEM FOR NORDSTROM WELL FOR SUMMER OF 2005**54
Recommended Action(s): Authorize Issuance of Purchase Order to US Filter in the Amount of \$158,082.

5. **THIRD AMENDMENT TO AGREEMENT WITH THE STROMBOTNE LAW FIRM**55
Recommended Action(s): Authorize the City Manager to Execute a Third Amendment to Agreement with the Strombotne Law Firm.

6. **SECOND AMENDMENT TO AGREEMENT WITH MACLELLAN WOLFSON ASSOCIATES**56
Recommended Action(s): Authorize the City Manager to Execute a Second Amended Agreement with MacLellan Wolfson Associates.

7. **AGREEMENT WITH THE LAW FIRM OF JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP**57
Recommended Action(s): Authorize the City Manager to Execute an Agreement with the Law Firm of Jorgenson, Siegel, McClure & Flegel, LLP. (Vierra Case)

8. **AGREEMENT WITH THE LAW FIRM OF JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP**58
Recommended Action(s): Authorize the City Manager to Execute an Agreement with the Law Firm of Jorgenson, Siegel, McClure & Flegel, LLP. (Berkman, et al Case)

9. **AMENDMENT TO CONTRACT FOR CONSULTANT PLANNING SERVICES**59
Recommended Action(s): Authorize the City Manager to Execute a Contract Amendment in an Amount Not to Exceed \$37,637 for Contract Planning Services.

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
10.	<u>ADOPT ORDINANCE NO. 1719, NEW SERIES</u>	60
	Recommended Action(s): <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1719, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 2.22.010 (Establishment of boards and commissions) OF Chapter 2.22 (Master Provisions for Boards and Commissions) OF TITLE 2 (Administration and Personnel) DELETING REFERENCE TO THE PERSONNEL COMMISSION AND RENAMING THE LIBRARY COMMISSION.	
11.	<u>ADOPT ORDINANCE NO. 1720, NEW SERIES</u>	63
	Recommended Action(s): <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1720, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO SECTION 18.76.250.H.1.B OF THE SIGN CODE TO INCREASE THE MAXIMUM ALLOWABLE SIGN AREA FOR ON-SITE FREESTANDING SIGNS ON LOTS FIVE ACRES OR GREATER IN SIZE IN COMMERCIAL AND INDUSTRIAL PLANNED UNIT DEVELOPMENTS FROM 48 SQUARE FEET TO 50 SQUARE FEET (ZA-05-02: TEXT AMENDMENT – MONUMENT SIGNS/FORD MOTOR CO.)	
12.	<u>ADOPT ORDINANCE NO. 1721, NEW SERIES, AS AMENDED</u>	66
	Recommended Action(s): <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1721, New Series, As Amended, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING TEXT AMENDMENTS TO CHAPTER 6.36 (ANIMALS AND LAND USE) OF TITLE 6 (ANIMALS) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL. (ZA-04-22: CITY OF MORGAN HILL-ACREAGE REQUIRED FOR ANIMALS; AND REQUIREMENT FOR RESIDENTIAL PRIVATE LIVESTOCK PERMIT).	
13.	<u>APPROVE SPECIAL CITY COUNCIL MEETING MINUTES OF APRIL 6, 2005</u>	72
14.	<u>APPROVE SPECIAL CITY COUNCIL MEETING MINUTES OF APRIL 11, 2005</u>	73

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 15-16

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
15.	<u>MORGAN HILL COURTHOUSE AGREEMENT</u>	75
	Recommended Action(s): <u>Authorize</u> the Executive Director/City Manager to Execute, making Minor Modifications as needed and Subject to Review and Approval by the City Attorney/Agency Counsel, an Agreement with the County of Santa Clara Regarding Clarification of the County's Responsibilities under the Existing Ground Lease.	

Time Estimate **Page**
Consent Calendar: 1 - 10 Minutes

16.	<u>APPROVE SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF APRIL 6, 2005</u>	76
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Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 17-22

Time Estimate **Page**
Consent Calendar: 1 - 10 Minutes

17.	<u>MARCH 2005 REDEVELOPMENT AGENCY FINANCE & INVESTMENT REPORT</u>	90
	Recommended Action(s): <u>Accept</u> and <u>File</u> Report.	
18.	<u>THIRD QUARTER REPORT FROM THE CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT PARTNERSHIP</u>	99
	Recommended Action(s):	
	1. <u>Accept</u> Report; and	
	2. <u>Authorize</u> the Executive Director to Amend the Agreement, as necessary, to Allow for Monthly Invoicing of Services; Subject to Review and Approval by Agency Counsel.	
19.	<u>CASA DIANA MIXED-USE PROJECT - LAND ACQUISITION AND MASTER PLANNING LOAN</u>	100
	Recommended Action(s): <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Negotiate, Execute and Implement a Loan Agreement with EAH, Inc., Subject to Review and Approval by Agency Counsel, for a Loan of Up to \$2,165,000 for EAH, Inc. to Acquire Two Parcels of the Casa Diana Housing Commercial Mixed-Use Project, and to Master Plan the Entire Area.	
20.	<u>AGREEMENT WITH RICHARDS, WATSON & GERSHON</u>	101
	Recommended Action(s): <u>Authorize</u> the Executive Director to do Everything Necessary to Prepare and Execute an Agreement with Richards, Watson & Gershon (RWG) in an Amount not to Exceed \$35,000 for Services Associated with Evaluating the Feasibility of Amending the Redevelopment Plan; Subject to Review and Approval by Agency Counsel.	
21.	<u>HOUSING TRUST OF SANTA CLARA COUNTY</u>	102
	Recommended Action(s): <u>Authorize</u> the Executive Director to do Everything Necessary to Prepare and Execute the Required Agreements with the Housing Trust of Santa Clara County (HTSCC) to Commit \$200,000 in Agency 20% Housing Set Aside Funds to the HTSCC over a Three-Year Period.	
22.	<u>HABITAT FOR HUMANITY – HOUSING PROJECT</u>	103
	Recommended Action(s): <u>Authorize</u> the Executive Director to Execute any and all Documents Necessary, Subject to Review and Approval of Agency Counsel, to Grant Silicon Valley Habitat for Humanity (Habitat) an Amount Not to Exceed \$560,000 for the Construction of a Six-Unit Affordable Ownership Housing Project.	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
23.	45 Minutes	<u>URBAN LIMIT LINE-GREENBELT STUDY: REVIEW OF ADVISORY COMMITTEE RECOMMENDATIONS</u>Posted separately on website <u>Recommended Action(s):</u> 1. Receive the Urban Limit Line Advisory Committee's Final Report; 2. Direct Staff to Include an Industrial Land Market Analysis as a Work Plan Item in the Fiscal Year 2005/2006 City Budget; and 3. Direct Staff to Return to the Council in June with an Analysis of the Final Report and Recommendations for an Action Plan to Move the Urban Limit Line-Greenbelt Program forward into the Environmental Review and Implementation Process.	

Correspondence: Santa Clara Valley Audubon Society

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
24.	5 Minutes	<u>WATER CONSERVATION SUBMETERING ORDINANCE</u> (Continued from April 6, 2005)..... Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Motion to Waive the Reading in Full of the Ordinance to Amend Chapter 13.04 of the Municipal Code. Action- Motion to Introduce Ordinance by Title Only. (Roll Call Vote)	104
25.	5 Minutes	<u>SOLID WASTE MANAGEMENT RATE ADJUSTMENT</u> Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- Adopt the Refuse Rate Resolution.	108

City Council Action

OTHER BUSINESS: (CONTINUED)

	Time Estimate		Page
26.	10 Minutes	<u>AGREEMENT BETWEEN THE CITY AND INDEPENDENCE DAY, INC. (IDI) TO CO-SPONSOR THE JULY FOURTH CELEBRATIONS</u> <u>Recommended Action(s):</u> Determine the Level of City Financial Participation.	110

City Council and Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
27.	10 Minutes	<u>REQUEST FOR SPONSORSHIP OF THE 26TH ANNUAL MORGAN HILL MUSHROOM MARDI GRAS EVENT</u>	111
		<u>Recommended Action(s):</u> <u>Consider</u> the Request by Morgan Hill Mushroom Mardi Gras for \$10,000 Sponsorship of the 26 th Annual Mushroom Mardi Gras Event.	

City Council Action

OTHER BUSINESS: (CONTINUED)

	Time Estimate		Page
28.	15 Minutes	<u>ADOPTION OF ETHICS POLICY FOR CITY COUNCIL, COMMISSIONERS, BOARD MEMBERS, AND COMMITTEE MEMBERS</u>	112
		<u>Recommended Action(s):</u>	
		1. <u>Adopt</u> Ethics Policy;	
		2. <u>Direct</u> Staff to Distribute Ethics Policy to all Commissioners, Board Members, and Committee Members; <u>Solicit</u> Input, and <u>Report</u> Back to City Council;	
		3. <u>Consider</u> Input from Members of Boards, Commissions, and Committees; and Whether Ethics Policy Should be Revised; and	
		4. Following City Council Approval of the Finalized Version of the Ethics Policy, <u>Direct</u> Staff to Provide Training on the Ethics Policy to all Commissioners, Board Members, and Committee Members.	
29.	10 Minutes	<u>RECONSIDERATION OF FISCAL YEAR 2005-2006 OPERATING AND CAPITAL IMPROVEMENT BUDGET SCHEDULE</u>	119
		<u>Recommended Action(s):</u> <u>Consider</u> Mayor's Request to Reschedule the Fiscal Year 2005-2006 Budget Workshop, and the Indoor Recreation Center Ground Breaking Ceremony.	
30.	10 Minutes	<u>AWARD CONTRACT FOR CONSTRUCTION OF INDOOR RECREATION CENTER</u> (Continued from April 6, 2005).....	120
		<u>Recommended Action(s):</u>	
		1. <u>Approve</u> Project Plans and Specifications; and	
		2. <u>Consider</u> Staff Recommendation to be Presented at, or Prior to, the City Council Meeting.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

MARCH 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended March 31, 2005. The report covers the first nine months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
March 31, 2005 – 75% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF MARCH 2005 - 75% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 75% of the year. However, this analysis is somewhat limited. For some revenue sources, such as transient occupancy taxes and franchise fees, only limited amounts have been received as of this time of the year.

- * **General Fund** - The *revenues* received in the General Fund were approximately 68% of the budgeted revenues. A total of 84% of budgeted property related taxes have been received by the City, which is 31% more than the amount received in the prior year as of this date. This higher amount reflects property tax revenues received as a replacement for most of the Motor Vehicle-in-lieu fees lost because of State funding changes. The amount of Sales Tax collected was 81% of the sales tax revenue budget and 18% more than the amount received for the prior year. Sales tax receipts have been impacted, as of September 2004, because the State, under the triple flip legislation, began to send the City at that time only $\frac{3}{4}$ of the 1% in sales taxes that the City is entitled to. Installments estimated to equal the remaining $\frac{1}{4}$ % of sales taxes, for the period September 2004 through June 2005, are scheduled to be distributed by Santa Clara County for the 2004/05 fiscal year in January and May 2005. The January installment was received and is included in the sales tax revenues. Business license and other permit collections were 78% of the budgeted amount. Motor Vehicle-in-Lieu revenues were \$172,604. The amount of Motor Vehicle-in-Lieu fees dropped significantly in this fiscal year, consistent with State budget revenue revisions, and is being mostly compensated for through higher property tax allocations from Santa Clara County, as described above. Interest & Other Revenue were 84% of budget and do not reflect January, February, or March interest earnings that will be posted in April 2005 as part of earnings for the quarter ended March 31.
- * The General Fund *expenditures* and *encumbrances* to date totaled 73% of the budgeted appropriations. If the \$395,242 in encumbrances were excluded, 71% of the budget would have been expended. Higher costs in Aquatics are primarily related to the timing of activity and higher costs for the City Attorney are related to unanticipated legal expenditures.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first two quarters, through December 31, amounted to \$483,174, or 3% more than the amount received by the City in the prior year for the same period. Taxes for the third quarter ending March 31 are not due until late April and have therefore not yet been collected.
- * **Community Development** - Revenues were 110% of budget, which was 44% more than the amount collected in the like period for the prior year. Compared to the prior year, planning and engineering fees this year were higher and building fees were lower. Planning expenditures plus encumbrances were 76% of budget; Building has expended or encumbered 68% of budget and Engineering 64%. Community Development has expended or encumbered a combined total of 70% of the 2004/05 budget, including \$246,547 in encumbrances. If encumbrances were excluded, Community Development would have spent only 63% of the combined budget.
- * **RDA and Housing** - An amount of \$10,655,069, or 48% of the budget, in property tax increment revenues has been received as of March 31, 2005. Expenditures plus encumbrances totaled 37% of budget. If encumbrances totaling \$2,422,885 were excluded, the RDA would have spent 29% of the combined budget.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF MARCH 2005 - 75% OF YEAR COMPLETE

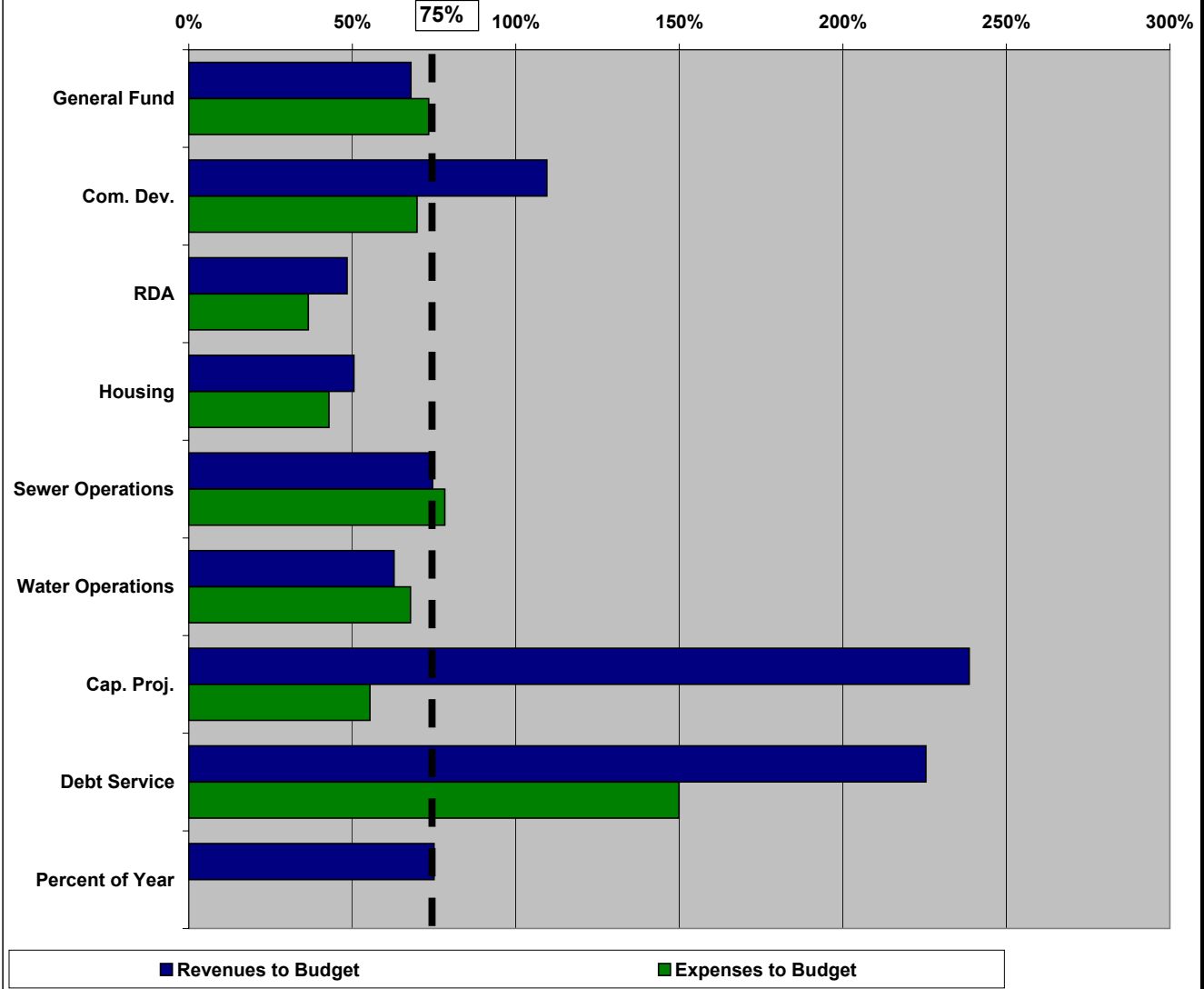
- * **Water and Sewer Operations-** Water Operations revenues, including service fees, were 63% of budget. Expenditures totaled 68% of appropriations. Sewer Operations revenues, including service fees, were 75% of budget. Expenditures for sewer operations were 78% of budget. This higher percentage resulted from large debt service payments on debt service made in July and January.

- * **Investments maturing/called/sold during this period.** – During the month of March, new investments in Federal Agencies amounting to \$2,999,000 were initiated. Further details of all City investments are contained on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

March 31, 2005 – 75% Year Complete



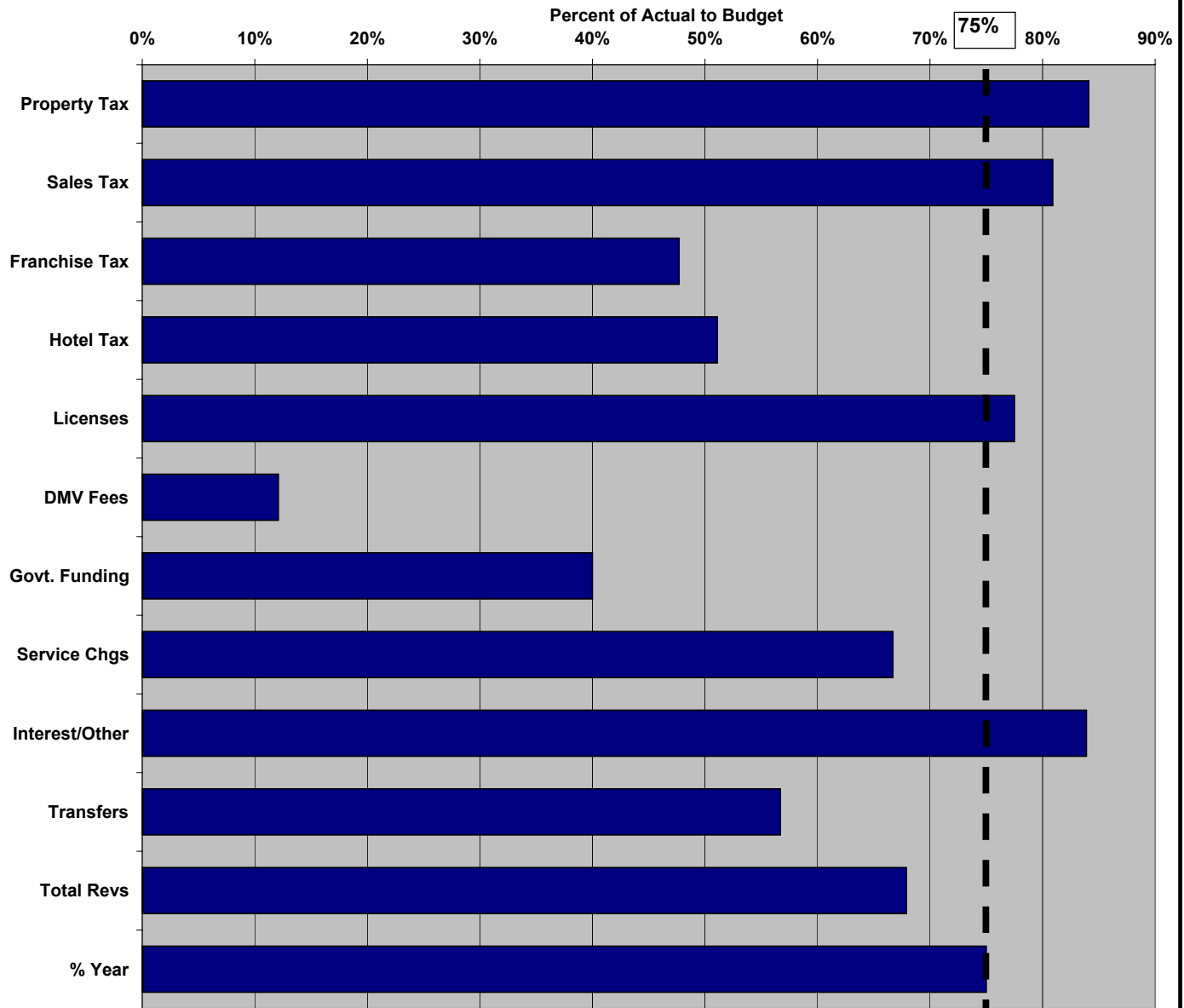
FUND NAME	REVENUES		EXPENSES		3/31/2005 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$11,614,386	68%	\$14,288,199	73%	\$8,224,557
Community Development	2,997,927	110%	2,382,004	70%	2,098,328
RDA	8,748,558	48%	8,060,792	37%	4,480,931
Housing/CDBG	2,537,145	50%	2,798,365	43%	6,253,777
Sewer Operations	4,197,004	75%	5,110,837	78%	2,539,252
Sewer Other	1,903,774	145%	1,442,720	26%	12,855,942
Water Operations	5,433,144	63%	5,509,910	68%	3,186,514
Water Other	8,242,867	133%	4,595,605	20%	1,005,259
Other Special Revenues ¹	862,831	103%	937,822	41%	3,508,758
Capital Projects & Streets Funds	12,537,734	239%	10,887,802	55%	25,199,215
Debt Service Funds	727,261	225%	350,399	150%	775,922
Internal Service	3,688,475	70%	3,427,996	69%	5,232,670
Agency	1,908,255	74%	2,040,745	83%	3,767,276
TOTAL FOR ALL FUNDS	\$65,399,361	83%	\$61,833,196	56%	\$79,128,401

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

March 31, 2005 – 75% Year Complete

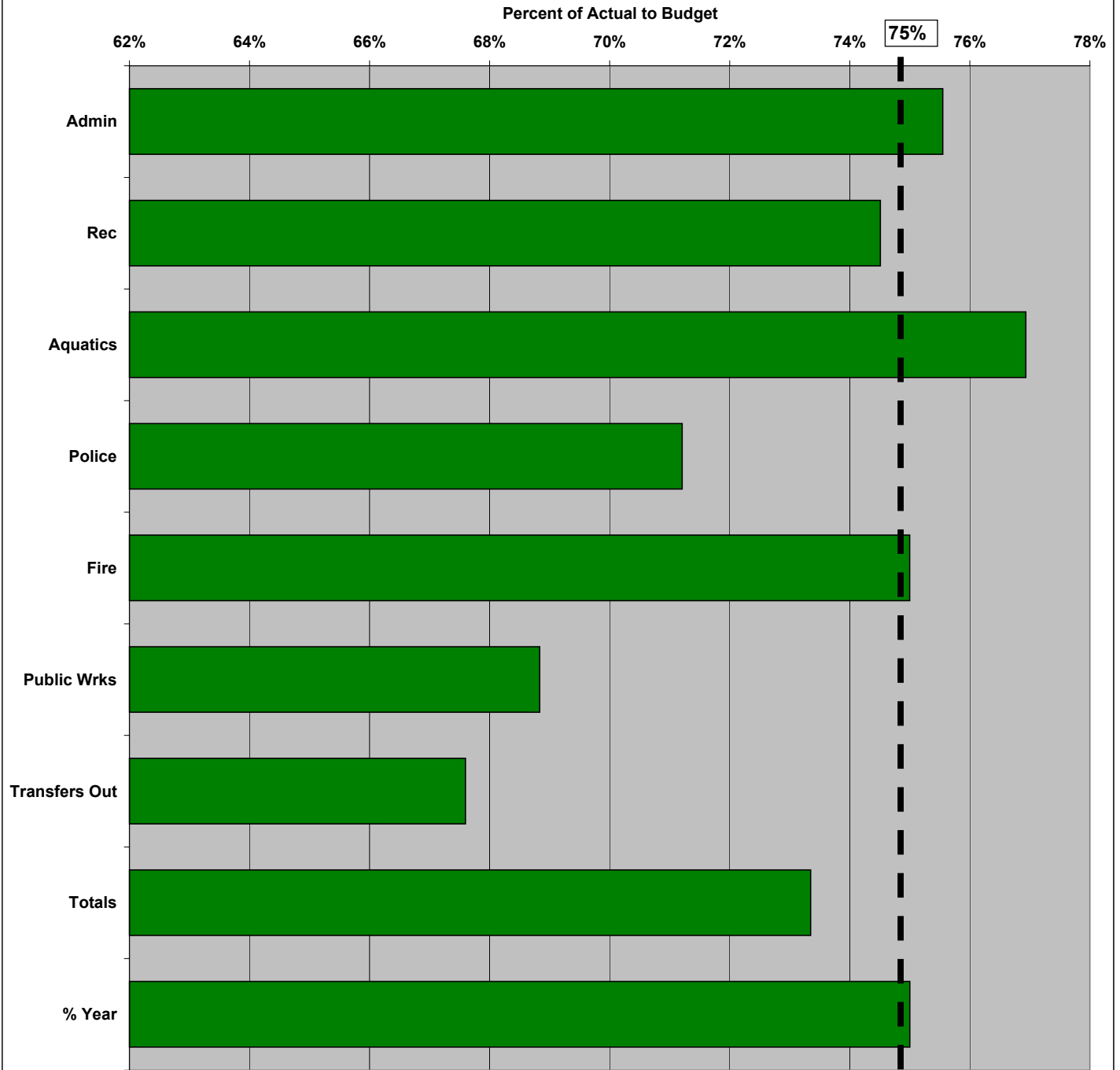


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$3,328,396	\$2,798,693	84%	\$2,143,514	31%
SALES TAXES	\$4,852,000	\$3,926,589	81%	\$3,324,963	18%
FRANCHISE FEE	\$965,000	\$460,511	48%	\$283,422	62%
HOTEL TAX	\$945,000	\$483,174	51%	\$468,456	3%
LICENSES/PERMITS	\$201,720	\$156,290	78%	\$179,756	-13%
MOTOR VEHICLE IN LIEU	\$1,423,800	\$172,604	12%	\$1,040,105	-83%
FUNDING - OTHER GOVERNMENTS	\$304,400	\$121,723	40%	\$189,935	-36%
CHARGES CURRENT SERVICES	\$3,790,310	\$2,526,710	67%	\$1,883,273	34%
INTEREST & OTHER REVENUE	\$881,461	\$739,517	84%	\$571,891	29%
TRANSFERS IN	\$403,100	\$228,575	57%	\$619,058	-63%
TOTALS	\$17,095,187	\$11,614,386	68%	\$10,704,373	9%



Morgan Hill YTD General Fund Expenditures

March 31, 2005 – 75% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	4,714,820	2,542,128	76%
RECREATION	285,551	1,215,775	75%
AQUATICS	1,434,494	1,103,600	77%
POLICE	8,015,630	5,707,654	71%
FIRE	4,194,617	3,145,893	75%
PUBLIC WORKS	706,957	486,624	69%
TRANSFERS OUT	128,001	86,525	68%
TOTALS	\$ 19,480,070	\$ 14,288,199	73%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

Fund No.	Fund	Fund Balance 06-30-04	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$10,898,370	\$11,614,386	68%	\$13,892,957	71%	(\$2,278,571)	\$395,242	\$8,224,557	\$9,398,428	\$6,150
TOTAL GENERAL FUND		\$10,898,370	\$11,614,386	68%	\$13,892,957	71%	(\$2,278,571)	\$395,242	\$8,224,557	\$9,398,428	\$6,150
202	STREET MAINTENANCE	\$1,454,752	\$1,368,609	91%	\$1,411,059	63%	(\$42,450)	\$320,087	\$1,092,215	\$1,397,442	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$321,965	\$105,360	99%	\$131,640	75%	(\$26,280)		\$295,685	\$295,685	
206	COMMUNITY DEVELOPMENT	\$1,482,405	\$2,997,927	110%	\$2,135,457	63%	\$862,470	\$246,547	\$2,098,328	\$2,397,304	
207	GENERAL PLAN UPDATE	\$231,849	\$102,026	127%	\$25,071	17%	\$76,955	\$60,059	\$248,745	\$309,005	
210	COMMUNITY CENTER	\$99,678	\$39,482	76%		n/a	\$39,482		\$139,160	\$139,160	
215 / 216	CDBG	\$127,519	\$18,049	10%	\$68,989	10%	(\$50,940)	601,355	(\$524,776)	\$82,161	
225	ASSET SEIZURE	\$38,956	\$17,003	1667%	\$45,794	n/a	(\$28,791)	\$1,402	\$8,763	\$10,165	
229	LIGHTING AND LANDSCAPE	(\$1,173)	\$69,928	53%	\$101,967	73%	(\$32,039)	\$36,570	(\$69,782)	(\$35,118)	
232	ENVIRONMENTAL PROGRAMS	\$675,334	\$236,145	59%	\$220,906	41%	\$15,239	\$62,337	\$628,236	\$695,154	
234	MOBILE HOME PK RENT STAB.	\$168,580	\$8,049	156%	\$10,641	5%	(\$2,592)	\$185,839	(\$19,851)	\$165,869	
235	SENIOR HOUSING	\$252,691	\$4,271	78%	\$3,806	19%	\$465		\$253,156	\$253,156	
236	HOUSING MITIGATION	\$1,141,855	\$245,835	2043%	-		\$245,835	15,000	\$1,372,690	\$1,387,690	
240	EMPLOYEE ASSISTANCE	\$80,549	\$25,070	51%	33,325	74%	(\$8,255)		\$72,294	\$71,325	
247	ENVIRONMENT REMEDIATION	\$570,000	9,662	n/a			\$9,662		\$579,662	\$579,662	
TOTAL SPECIAL REVENUE FUNDS		\$6,644,960	\$5,247,416	100%	\$4,188,655	49%	\$1,058,761	\$1,529,196	\$6,174,525	\$7,748,660	
301	PARK DEV. IMPACT FUND	\$3,539,104	\$904,817	153%	\$70,742	2%	\$834,075	\$107,647	\$4,265,532		\$4,373,179
302	PARK MAINTENANCE	\$3,047,206	\$574,434	225%	\$31,883	21%	\$542,551		\$3,589,757	\$3,589,757	
303	LOCAL DRAINAGE	\$3,027,986	\$529,517	218%	\$1,152	0%	\$528,365		\$3,556,351		\$3,556,351
304	LOCAL DRAINAGE/NON-AB1600	\$3,249,120	\$229,459	157%	\$34,187	4%	\$195,272		\$3,444,392	\$3,344,393	
306	OPEN SPACE	\$699,078	\$333,454	202%	492		\$332,962	\$10,000	\$1,022,040	\$1,032,039	
309	TRAFFIC IMPACT FUND	\$3,119,744	\$846,812	130%	\$352,831	16%	\$493,981	\$1,011,998	\$2,601,727		\$3,599,097
311	POLICE IMPACT FUND	\$83,370	\$135,522	343%	\$69,336	70%	\$66,186	\$10,000	\$139,556		\$149,556
313	FIRE IMPACT FUND	\$2,333,569	\$143,389	104%	\$1,035	1%	\$142,354	\$9,101	\$2,466,822		\$2,475,923
317	REDEVELOPMENT AGENCY	\$3,864,214	\$8,748,558	48%	\$5,700,238	26%	\$3,048,320	2,431,603	\$4,480,931	\$7,560,397	
327 / 328	HOUSING	\$6,872,096	\$2,519,096	52%	\$2,550,308	39%	(\$31,212)	62,331	\$6,778,553	\$7,096,122	
340/342	MORGAN HILL BUS.RANCH I & II	\$104,826	\$1,379	61%	74,212		(\$72,833)	-	\$31,993	\$31,992	
346	PUBLIC FACILITIES NON-AB1600	\$936,101	\$7,066,002	1123%	6,925,938		\$140,064	\$407,730	\$668,435	\$885,846	\$190,318
347	PUBLIC FACILITIES IMPACT FUND	\$314,545	\$105,242	141%	\$1,024	9%	\$104,218	9,750	\$409,013		\$418,764
348	LIBRARY IMPACT FUND	\$490,953	\$72,009	14%	\$151	0%	\$71,858		\$562,811		\$562,811
350	UNDERGROUNDING	\$1,140,023	167,951	69%	\$1,292	0%	\$166,659	36,155	\$1,270,527	\$1,311,588	
360	COMM/REC CTR IMPACT FUND	\$18,906	59,138	69%		0%	\$59,138		\$78,044	\$78,044	
TOTAL CAPITAL PROJECT FUNDS		\$32,840,841	\$22,436,779	84%	\$15,814,821	34%	\$6,621,958	\$4,096,315	\$35,366,484	\$24,930,179	\$15,325,998
441	POLICE FACILITY BOND DEBT		578,682	n/a	122,371		\$456,311		\$456,311		\$456,311
545	COCHRANE BUSINESS PARK	\$375,254	108,053	98%	190,678	94%	(\$82,625)		\$292,629	\$111,679	\$180,950
551	JOLEEN WAY	\$23,806	\$40,526	98%	\$37,350	94%	\$3,176		\$26,982	\$9,733	\$17,250
TOTAL DEBT SERVICE FUNDS		\$399,060	\$727,261	225%	\$350,399	150%	\$376,862		\$775,922	\$121,412	\$654,510



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

Fund No.	Fund	Fund Balance 06-30-04	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$14,685,816	\$4,197,004	75%	\$5,029,419	77%	(\$832,415)	\$11,314,149	\$2,539,252	\$2,245,667	\$1,894,204
641	SEWER IMPACT FUND	\$9,717,249	\$1,795,621	150%	\$577,681	15%	\$1,217,940	4,072,066	\$6,863,123		\$6,991,116
642	SEWER RATE STABILIZATION	\$3,975,411	\$67,338	80%	\$1,588	75%	\$65,750		\$4,041,161	\$4,041,161	
643	SEWER-CAPITAL PROJECTS	\$9,822,474	\$40,815	112%	\$631,743	42%	(\$590,928)	7,279,888	\$1,951,658	\$2,157,826	
650	WATER OPERATIONS	\$23,500,560	\$5,433,144	63%	\$4,809,837	46%	\$623,307	\$20,937,353	\$3,186,514	\$3,341,812	\$406,599
651	WATER IMPACT FUND	\$4,150,949	\$5,791,335	111%	\$793,849	18%	\$4,997,486	9,206,899	(\$58,465)		\$4,904,971
652	WATER RATE STABILIZATION	\$26,627	\$447	100%	\$370	75%	\$77		\$26,704	\$26,704	
653	WATER -CAPITAL PROJECT	\$9,372,760	\$2,451,085	241%	\$631,129	20%	\$1,819,956	10,155,698	\$1,037,020	\$4,207,147	\$968,417
TOTAL ENTERPRISE FUNDS		\$75,251,846	\$19,776,789	91%	\$12,475,616	45%	\$7,301,173	\$62,966,053	\$19,586,967	\$16,020,318	\$15,165,307
730	DATA PROCESSING	\$472,435	\$222,253	79%	\$299,652	56%	(\$77,399)	255,179	\$139,857	\$363,592	
740	BUILDING MAINTENANCE	\$726,398	\$1,239,458	75%	\$936,805	70%	\$302,653	21,349	\$1,007,702	\$1,058,848	
745	CIP ADMINISTRATION	\$52,654	\$841,743	60%	\$842,333	59%	(\$590)	39,727	\$12,337	\$121,649	
760	UNEMPLOYMENT INS.	\$47,278	\$30,243	50%	\$27,070	49%	\$3,173		\$50,451	\$50,452	
770	WORKER'S COMP.	\$5,634	\$691,367	79%	\$410,781	52%	\$280,586	-	\$286,220	\$865,061	\$40,000
790	EQUIPMENT REPLACEMENT	\$3,375,628	\$278,933	73%	\$20,901	9%	\$258,032	726,300	\$2,907,360	\$3,090,258	
793	CORPORATION YARD	\$283,120	\$49,539	36%	\$83,878	48%	(\$34,339)	238,591	\$10,190	\$22,394	
795	GEN'L LIABILITY INS.	\$810,702	\$334,939	74%	\$327,088	76%	\$7,851		\$818,553	\$958,836	
TOTAL INTERNAL SERVICE FUNDS		\$5,773,849	\$3,688,475	70%	\$2,948,508	59%	\$739,967		\$5,232,670	\$6,531,090	\$40,000
820	SPECIAL DEPOSITS									\$1,212,828	
841	M.H. BUS.RANCH A.D.	\$381,939	\$284,041	n/a	\$378,934	n/a	(\$94,893)		\$287,046	\$287,046	
842	M.H. BUS. RANCH II A.D.	\$32,149	25,232	n/a	\$7,185	n/a	\$18,047		\$50,196	\$50,196	
843	M.H. BUS. RANCH 1998	\$1,296,650	\$676,451	78%	\$866,729	97%	(\$190,278)		\$1,106,372	\$216,268	\$890,103
844	MH RANCH RSMNT 2004A	\$186,838	\$390,821		\$177,973	30%	\$212,848		\$399,686	(\$2,776)	\$402,463
845	MADRONE BP-TAX EXEMPT	\$1,298,723	\$426,847		\$506,124	63%	(\$79,277)		\$1,219,446	(\$906)	\$1,220,352
846	MADRONE BP-TAXABLE	\$251,768	\$69,724	74%	\$103,800	59%	(\$34,076)		\$217,691	(\$1,253)	\$218,943
848	TENNANT AVE.BUS.PK A.D.	\$430,286	\$34,778	78%		na	\$34,778		\$465,064	\$465,065	
881	POLICE DONATION TRUST FUND	\$21,414	\$361	78%			\$361		\$21,775		\$22,155
TOTAL AGENCY FUNDS		\$3,899,767	\$1,908,255	74%	\$2,040,745	83%	(\$132,490)		\$3,767,276	\$2,226,467	\$2,754,016
SUMMARY BY FUND TYPE											
GENERAL FUND GROUP		\$10,898,370	\$11,614,386	68%	\$13,892,957	71%	(\$2,278,571)	\$395,242	\$8,224,557	\$9,398,428	\$6,150
SPECIAL REVENUE GROUP		\$6,644,960	\$5,247,416	100%	\$4,188,655	49%	\$1,058,761	\$1,529,196	\$6,174,525	\$7,748,660	
DEBT SERVICE GROUP		\$399,060	\$727,261	225%	\$350,399	150%	\$376,862		\$775,922	\$121,412	\$654,510
CAPITAL PROJECTS GROUP		\$32,840,841	\$22,436,779	84%	\$15,814,821	34%	\$6,621,958	\$4,096,315	\$35,366,484	\$24,930,179	\$15,325,998
ENTERPRISE GROUP		\$75,251,846	\$19,776,789	91%	\$12,475,616	45%	\$7,301,173	\$62,966,053	\$19,586,967	\$16,020,318	\$15,165,307
INTERNAL SERVICE GROUP		\$5,773,849	\$3,688,475	70%	\$2,948,508	59%	\$739,967		\$5,232,670	\$6,531,090	\$40,000
AGENCY GROUP		\$3,899,767	\$1,908,255	74%	\$2,040,745	83%	(\$132,490)		\$3,767,276	\$2,226,467	\$2,754,016
TOTAL ALL GROUPS		\$135,708,693	\$65,399,361	83%	\$51,711,701	47%	\$13,687,660	\$68,986,806	\$79,128,401	\$66,976,554	\$33,945,982
TOTAL CASH AND INVESTMENTS										\$100,922,536	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF MARCH 2005
FOR THE FISCAL YEAR OF 2004-05

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	2.34%	\$19,242,161		19.07%	\$19,202,725
- RDA	RDA	2.34%	\$9,014,859		8.93%	\$8,996,383
- Corp Yard	Corp Yard	2.34%	\$52,876		0.05%	\$52,767
Federal Issues	All Funds Pooled	3.20%	\$56,245,348		55.73%	\$55,075,150
SVNB CD	All Funds Pooled	2.50%	\$2,000,000		1.98%	\$2,000,000
Money Market	All Funds Pooled	2.43%	\$236,068	\$86,791,312	0.23%	\$236,068
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,399			
Blackrock Provident Temp Fund		2.14%	\$44,804		1.88%	\$1,894,204 *
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.90%	\$406,599		0.40%	\$406,599 *
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	1.38%	\$4,451,726		4.41%	\$4,451,726 *
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Svc/Pub Fac	1.21%	\$646,629		0.64%	\$646,629 *
US Bank - Cash in Escrow account	Madrone Bus Park		\$479,271		0.47%	\$479,271 *
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.90%	\$890,103		0.88%	\$890,103 *
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.82%	\$804,666			
US Treasury Bill			\$0		0.80%	\$804,666 *
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.82%	\$155,359			
US Treasury Bill			\$0		0.15%	\$155,359 *
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	2.14%	\$402,463		0.40%	\$402,463 *
Heritage Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$143,711	\$10,274,730	0.14%	\$143,711 *
Other Accounts/Deposits						
General Checking	All Funds		\$1,500,000		1.49%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$2,310,344		2.29%	\$2,310,344
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,150	\$3,856,494	0.01%	\$6,150
Total Cash and Investments			\$100,922,536	\$100,922,536	100.00%	\$99,694,318
MH Financing Authority Investment in						
MH Ranch AD Imprvmt Bond Series 2004		1.75% to 4.50%	\$4,795,000			Unavailable

CASH ACTIVITY SUMMARY
FY 04/05

Fund Type	07/01/04 Balance	Change in Cash Balance	03/31/05 Balance	Restricted	Unrestricted
General Fund	\$11,307,873	(\$1,903,295)	\$9,404,578	\$6,150	\$9,398,428
Community Development	\$1,564,866	\$832,438	\$2,397,304	\$0	\$2,397,304
RDA (except Housing)	\$6,191,592	\$1,368,805	\$7,560,397	\$0	\$7,560,397
Housing / CDBG	\$7,244,293	(\$66,009)	\$7,178,284	\$0	\$7,178,284
Water - Operations	\$3,236,757	\$511,654	\$3,748,411	\$406,599	\$3,341,812
Water Other	\$3,450,125	\$6,657,115	\$10,107,240	\$5,873,388	\$4,233,852
Sewer - Operations	\$5,088,334	(\$948,463)	\$4,139,871	\$1,894,204	\$2,245,667
Sewer Other	\$13,072,660	\$117,444	\$13,190,104	\$6,991,117	\$6,198,987
Other Special Revenue	\$3,503,684	\$368,069	\$3,871,753	\$0	\$3,871,753
Streets and Capital Projects (except RDA)	\$23,802,360	\$3,194,740	\$26,997,100	\$15,325,998	\$11,671,102
Assessment Districts/Debt Service	\$397,995	\$377,927	\$775,922	\$654,510	\$121,412
Internal Service	\$6,337,439	\$233,651	\$6,571,090	\$40,000	\$6,531,090
Agency Funds	\$4,902,523	\$77,959	\$4,980,482	\$2,754,016	\$2,226,466
Total	\$90,100,501	\$10,822,035	\$100,922,536	\$33,945,982	\$66,976,554

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.
 * Market value as of 02/28/05

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

Approved by: _____
 Jack Dilles
 Director of Finance

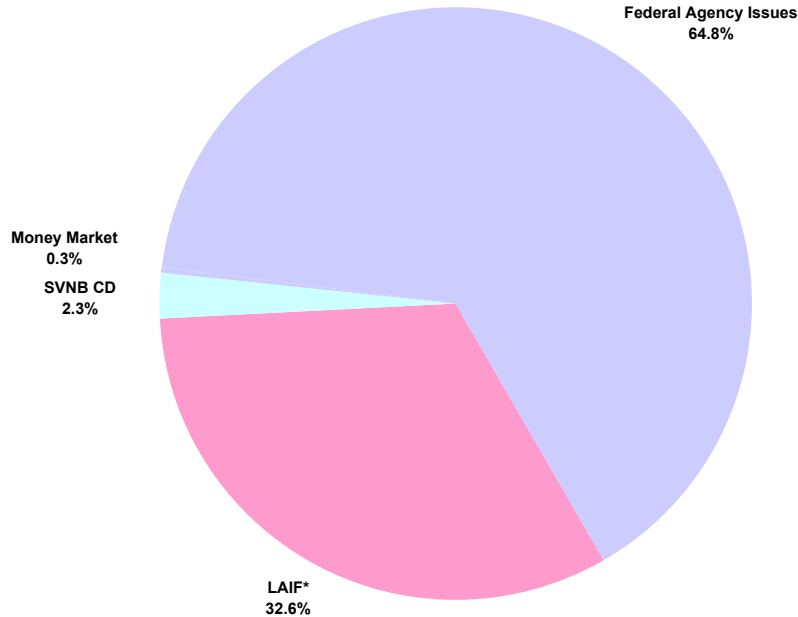
Verified by: _____
 Tina Reza
 Assistant Director of Finance

 Mike Roorda
 City Treasurer



CITY OF MORGAN HILL

INVESTMENT PORTFOLIO DETAIL as of 03/31/05



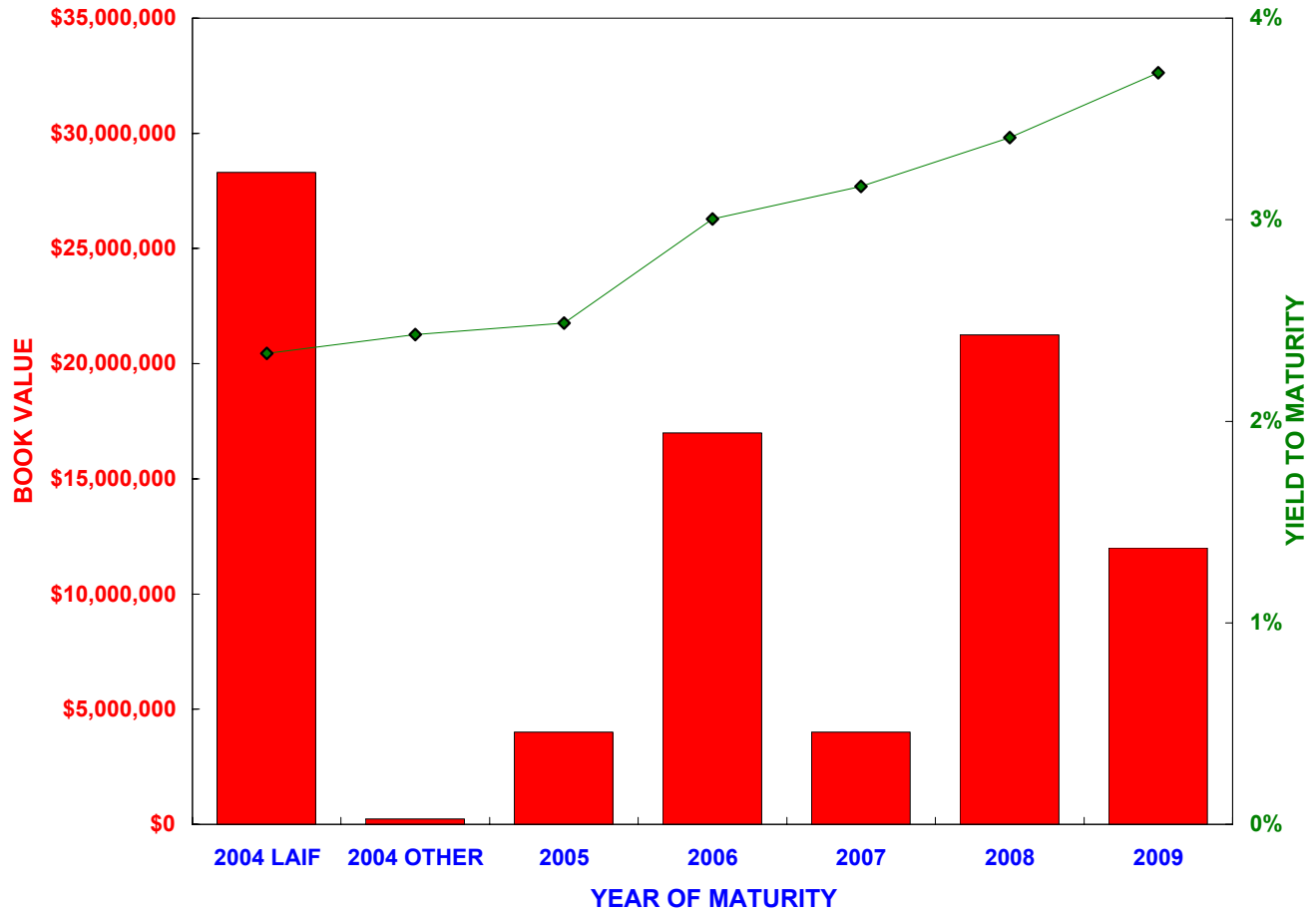
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*									
SVNB CD	07/07/03	\$2,000,000	2.30%	\$2,000,000	2.500%	\$25,878		07/07/05	0.351
Federal Agency Issues									
Fed Home Loan Bank	05/21/04	\$2,000,000	2.30%	\$1,987,500	2.474%	\$37,133	04/21/05	11/21/05	0.641
Fed Home Loan Bank	01/25/05	\$2,000,000	2.30%	\$1,990,000	3.000%	\$10,939	01/25/06	01/25/06	0.819
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.30%	\$1,978,500	2.700%	\$25,368	anytime	04/12/06	1.030
Fed Home Loan Bank	02/26/04	\$2,000,000	2.30%	\$1,971,880	2.563%	\$38,331	05/26/05	05/26/06	1.151
Fed Home Loan Bank	11/29/04	\$2,000,000	2.30%	\$1,978,760	3.076%	\$20,815	05/28/05	08/28/06	1.408
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.30%	\$1,978,580	3.070%	\$20,693	08/30/05	08/30/06	1.414
Fed Home Loan Bank	03/08/05	\$1,999,000	2.30%	\$1,988,120	3.470%	\$4,570	06/08/05	09/08/06	1.438
Fed Home Loan Bank	12/15/04	\$2,000,000	2.30%	\$1,982,500	3.250%	\$19,139	06/15/05	09/15/06	1.458
Fed Home Loan Bank	03/15/05	\$1,000,000	1.15%	\$994,380	3.500%	\$1,617	06/15/05	09/15/06	1.458
Fed Home Loan Bank	03/29/04	\$2,000,000	2.30%	\$1,945,620	2.650%	\$39,894	12/29/06	12/29/06	1.745
Fed Home Loan Bank	03/18/04	\$2,000,000	2.30%	\$1,957,500	3.030%	\$45,615	06/18/05	06/18/07	2.214
Fed Home Loan Bank	03/29/04	\$2,000,000	2.30%	\$1,933,120	3.300%	\$49,679	09/28/05	12/28/07	2.742
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.30%	\$1,961,280	3.500%	\$52,690	09/12/05	03/12/08	2.948
Fed Home Loan Bank	03/26/03	\$2,000,000	2.30%	\$1,953,760	3.375%	\$50,808	anytime	03/26/08	2.986
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.30%	\$1,965,220	3.600%	\$54,082	04/16/05	04/16/08	3.044
Fed Home Loan Mgt Corp	04/17/03	\$1,996,348	2.30%	\$1,958,940	3.625%	\$56,348	04/17/05	04/17/08	3.047
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.30%	\$1,936,880	3.210%	\$48,177	06/03/05	06/03/08	3.175
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.30%	\$1,921,260	2.950%	\$44,267	04/30/05	06/12/08	3.200
Fed Home Loan Bank	07/30/03	\$2,000,000	2.30%	\$1,923,760	3.000%	\$44,891	04/30/05	07/30/08	3.332
Fed Home Loan Bank	07/30/03	\$2,000,000	2.30%	\$1,939,380	3.243%	\$48,931	04/30/05	07/30/08	3.332
Fed Home Loan Bank	07/30/03	\$2,000,000	2.30%	\$1,946,880	3.400%	\$50,876	04/30/05	07/30/08	3.332
Fed Home Loan Bank	08/14/03	\$1,250,000	1.44%	\$1,226,950	3.690%	\$34,499	05/14/05	08/14/08	3.373
Fed Home Loan Bank	10/15/03	\$2,000,000	2.30%	\$1,978,120	4.000%	\$30,046	anytime	10/15/08	3.542
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.30%	\$1,911,260	3.650%	\$54,948	anytime	03/16/09	3.959
Fed Home Loan Bank	03/26/04	\$2,000,000	2.30%	\$1,970,620	4.000%	\$60,217	04/26/05	03/26/09	3.986
Fed Home Loan Bank	04/06/04	\$2,000,000	2.30%	\$1,946,260	3.625%	\$54,469	anytime	04/06/09	4.016
Fed Home Loan Bank	04/07/04	\$2,000,000	2.30%	\$1,944,380	3.600%	\$54,092	04/07/05	04/07/09	4.019
Fed National Mortgage	04/16/04	\$2,000,000	2.30%	\$1,950,620	3.750%	\$56,336	04/16/05	04/16/09	4.044
Fed Home Loan Bank	04/29/04	\$2,000,000	2.30%	\$1,953,120	3.750%	\$56,321	04/29/05	04/29/09	4.079
Redeemed in FY 04/05						\$42,559			
Sub Total/Average		\$56,245,348	64.81%	\$55,075,150	3.204%	\$1,208,350			2.666
Money Market		\$236,068	0.27%	\$236,068	2.430%	\$5,788			0.003
TOTAL/AVERAGE		\$86,791,312	100.00%	\$85,563,093	2.967%	\$1,669,939			1.740

*Per State Treasurer Report dated 2/28/2005, LAIF had invested approximately 16% of its balance in Treasury Bills and Notes, 17% in CDs, 15% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 52% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES AS OF MARCH 31, 2005



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2004 LAIF	\$28,309,896	\$28,251,875	2.336%	32.62%
2004 OTHER	\$236,068	\$236,068	2.430%	0.27%
2005	\$4,000,000	\$3,987,500	2.487%	4.61%
2006	\$16,999,000	\$16,808,340	3.003%	19.59%
2007	\$4,000,000	\$3,890,620	3.165%	4.61%
2008	\$21,246,348	\$20,712,430	3.408%	24.48%
2009	\$12,000,000	\$11,676,260	3.729%	13.83%
TOTAL	\$86,791,312	\$85,563,093	2.967%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	2,803,396	2,803,396	2,364,764	84%	1,772,977	591,787	33%
Supplemental Roll	157,500	157,500	132,436	84%	85,600	46,836	55%
Sales Tax	4,600,000	4,600,000	3,762,531	82%	3,162,447	600,084	19%
Public Safety Sales Tax	252,000	252,000	164,058	65%	162,516	1,542	1%
Transient Occupancy Taxes	945,000	945,000	483,174	51%	468,456	14,718	3%
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	460,511	48%	283,422	177,089	62%
Property Transfer Tax	367,500	367,500	301,493	82%	284,937	16,556	6%
TOTAL TAXES	10,090,396	10,090,396	7,668,967	76%	6,220,355	1,448,612	23%
<u>LICENSES/PERMITS</u>							
Business License	155,000	155,000	154,386	100%	148,945	5,441	4%
Other Permits	46,720	46,720	1,904	4%	30,811	(28,907)	-94%
TOTAL LICENSES/PERMITS	201,720	201,720	156,290	77%	179,756	(23,466)	-13%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	12,000	12,000	7,054	59%	9,215	(2,161)	-23%
City Code Enforcement	35,000	35,000	37,720	108%	23,589	14,131	60%
Business tax late fee/other fines	1,200	1,200	1,338	112%	1,171	167	14%
TOTAL FINES AND PENALTIES	48,200	48,200	46,112	96%	33,975	12,137	36%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	1,423,800	1,423,800	172,604	12%	1,040,105	(867,501)	-83%
Other Revenue - Other Agencies	304,400	304,400	121,723	40%	189,935	(68,212)	-36%
TOTAL OTHER AGENCIES	1,728,200	1,728,200	294,327	17%	1,230,040	(935,713)	-76%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	20,000	20,000	13,834	69%	11,555	2,279	20%
Business License Application Review	22,000	22,000	19,188	87%	19,129	59	0%
Recreation Classes	326,750	326,750	196,667	60%	140,718	55,949	40%
Aquatics Revenue	1,181,625	1,436,859	765,176	53%			
General Administration Overhead	1,793,851	1,793,851	1,345,388	75%	1,505,984	(160,596)	-11%
Other Charges Current Services	190,850	190,850	186,457	98%	205,887	(19,430)	-9%
TOTAL CURRENT SERVICES	3,535,076	3,790,310	2,526,710	67%	1,883,273	(121,739)	-6%
<u>OTHER REVENUE</u>							
Use of money/property	819,261	819,261	645,945	79%	502,231	143,714	29%
Other revenues	14,000	14,000	47,460	339%	35,685	11,775	33%
TOTAL OTHER REVENUE	833,261	833,261	693,405	83%	537,916	155,489	29%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000	31,250	25%	150,000	(118,750)	-79%
Sewer Enterprise	20,000	20,000	15,000	75%	13,125	1,875	14%
Water Enterprise	20,000	20,000	15,000	75%	13,125	1,875	14%
Public Safety	175,000	175,000	131,250	75%	204,750	(73,500)	-36%
Environmental Programs	48,100	48,100	36,075	75%		36,075	n/a
HCD Block Grant	15,000	15,000	-	n/a		-	n/a
Other Funds	-	-	-	n/a	238,058	(238,058)	-100%
TOTAL TRANSFERS IN	403,100	403,100	228,575	57%	619,058	(390,483)	-63%
TOTAL GENERAL FUND	16,839,953	17,095,187	11,614,386	68%	10,704,373	910,013	9%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	674,000	674,000	505,858	75%	497,147	8,711	2%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a	-	-	n/a
Transfers In	700,000	800,000	475,000	59%	525,000	(50,000)	-10%
Project Reimbursement	-	-	331,868	n/a	359,118	(27,250)	-8%
Interest / Other Revenue/Other Charges	29,635	29,635	55,883	189%	19,388	36,495	188%
202 STREET MAINTENANCE	1,403,635	1,503,635	1,368,609	91%	1,400,653	(32,044)	-2%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	6,103	6,103	5,360	88%	4,295	1,065	25%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip. Grant	-	-	-	n/a	-	-	n/a
Federal Police Grant (COPS)	-	-	-	n/a	-	-	n/a
Transfers In	-	-	-	n/a	-	-	n/a
204/205 PUBLIC SAFETY TRUST	106,103	106,103	105,360	99%	104,295	1,065	1%
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,403,000	1,403,000	1,391,922	99%	1,454,414	(62,492)	-4%
Planning Fees	791,621	791,621	530,460	67%	328,143	202,317	62%
Engineering Fees	516,500	516,500	1,039,116	201%	256,933	782,183	304%
Other Revenue/Current Charges	26,188	26,188	36,429	139%	16,976	19,453	115%
Transfers	-	-	-	n/a	22,500	(22,500)	-100%
206 COMMUNITY DEVELOPMENT	2,737,309	2,737,309	2,997,927	110%	2,078,966	918,961	44%
207 GENERAL PLAN UPDATE	80,154	80,154	102,026	127%	74,576	27,450	37%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	166,440	166,440	-	n/a	-	-	n/a
Interest Income/Other Revenue	9,648	9,648	18,049	187%	6,664	11,385	171%
Transfers	-	-	-	n/a	-	-	n/a
215 and 216 HCD BLOCK GRANT	176,088	176,088	18,049	10%	6,664	11,385	171%
210 COMMUNITY CENTER	52,119	52,119	39,482	76%	2,751	36,731	1335%
225 ASSET SEIZURE	1,020	1,020	17,003	1667%	359	16,644	4636%
229 LIGHTING AND LANDSCAPE	130,766	130,766	69,928	53%	68,851	1,077	2%
232 ENVIRONMENTAL PROGRAMS	399,491	399,491	236,145	59%	227,948	8,197	4%
234 MOBILE HOME PARK RENT STAB.	5,148	5,148	8,049	156%	55,044	(46,995)	-85%
235 SENIOR HOUSING	5,501	5,501	4,271	78%	2,407	1,864	77%
236 HOUSING MITIGATION	12,031	12,031	245,835	2043%	24,857	220,978	889%
240 EMPLOYEE ASSISTANCE	29,059	49,059	25,070	51%	23,039	2,031	9%
247 ENVIRONMENT REMEDIATION			9,662	n/a	-	9,662	n/a
TOTAL SPECIAL REVENUE FUNDS	5,138,424	5,258,424	5,247,416	100%	4,070,410	1,177,006	29%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	578,596	591,596	904,817	153%	712,349	192,468	27%
302 PARK MAINTENANCE	254,863	254,863	574,434	225%	273,665	300,769	110%
303 LOCAL DRAINAGE	243,292	243,292	529,517	218%	178,427	351,090	197%
304 LOCAL DRAINAGE/NON AB1600	146,377	146,377	229,459	157%	112,165	117,294	105%
306 OPEN SPACE	165,125	165,125	333,454	202%	140,364	193,090	138%
309 TRAFFIC MITIGATION	651,916	651,916	846,812	130%	1,238,063	(391,251)	-32%
311 POLICE MITIGATION	39,568	39,568	135,522	343%	86,851	48,671	56%
313 FIRE MITIGATION	138,417	138,417	143,389	104%	181,928	(38,539)	-21%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,048,868	17,280,277	8,292,646	48%	9,034,195	(741,549)	-8%
Development Agreements			-	n/a		-	n/a
Interest Income, Rents	17,031	17,031	121,383	713%	122,746	(1,363)	-1%
Other Agencies/Current Charges/Transfer	-	778,976	334,529	n/a	164,867	169,662	103%
317 RDA CAPITAL PROJECTS	17,065,899	18,076,284	8,748,558	48%	9,321,808	(573,250)	-6%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	2,362,423	50%	2,727,645	(365,222)	-13%
Interest Income, Rent	112,277	112,277	155,492	138%	84,084	71,408	85%
Other	100	100	1,181	1181%	1,123	58	5%
327/328 RDA L/M HOUSING	4,849,727	4,849,727	2,519,096	52%	2,812,852	(293,756)	-10%
346 PUBLIC FACILITIES NON-AB1600	629,137	629,137	7,066,002	1123%	1,942,192	5,123,810	264%
347 PUBLIC FACILITIES	74,737	74,737	105,242	141%	473,454	(368,212)	-78%
348 LIBRARY	526,000	526,000	72,009	14%	54,989	17,020	31%
350 UNDERGROUNDING	242,742	242,742	167,951	69%	48,153	119,798	249%
340/342 MH BUS.RANCH CIP I & II	2,270	2,270	1,379	61%	966	413	43%
360 COMMUNITY/REC IMPACT FUND	44,399	44,399	59,138	133%	5,573	53,565	961%
TOTAL CAPITAL PROJECTS FUNDS	25,653,065	26,676,450	22,436,779	84%	17,583,799	4,852,980	28%
DEBT SERVICE FUNDS							
441 POLICE FACILITY BOND			578,682	n/a		578,682	n/a
536 ENCINO HILLS	1,495	1,495	-	n/a	640	(640)	-100%
539 MORGAN HILL BUSINESS PARK	250	250	-	n/a	111	(111)	-100%
542 SUTTER BUSINESS PARK	552	552	-	n/a	235	(235)	-100%
545 COCHRANE BUSINESS PARK	279,134	279,134	108,053	39%	109,906	(1,853)	-2%
551 JOLEEN WAY	41,235	41,235	40,526	98%	17,875	22,651	127%
TOTAL DEBT SERVICE FUNDS	322,666	322,666	727,261	225%	128,767	598,494	465%



City of Morgan Hill
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FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,459,000	5,459,000	3,986,112	73%	3,966,765	19,347	0%
Interest Income	59,437	59,437	82,953	140%	74,456	8,497	11%
Other Revenue/Current Charges	110,500	110,500	127,939	116%	131,208	(3,269)	-2%
640 SEWER OPERATION	5,628,937	5,628,937	4,197,004	75%	4,172,429	24,575	1%
641 SEWER EXPANSION							
Interest Income	94,826	94,826	107,696	114%	50,429	57,267	114%
Connection Fees	1,100,000	1,100,000	1,687,331	153%	1,761,550	(74,219)	-4%
Other	-	-	594	n/a	594	-	n/a
641 SEWER EXPANSION	1,194,826	1,194,826	1,795,621	150%	1,812,573	(16,952)	-1%
642 SEWER RATE STABILIZATION	84,161	84,161	67,338	80%	35,859	31,479	88%
643 SEWER-CAPITAL PROJECT	36,527	36,527	40,815	112%	402,217	(361,402)	-90%
TOTAL SEWER FUNDS	6,944,451	6,944,451	6,100,778	88%	6,423,078	(322,300)	-5%
650 WATER OPERATION							
Water Sales	5,821,375	5,821,375	4,686,105	80%	4,659,665	26,440	1%
Meter Install & Service	40,000	40,000	100,586	251%	33,585	67,001	199%
Transfers-In, and Interest Income	2,516,848	2,516,848	89,560	4%	812,879	(723,319)	-89%
Other Revenue/Current Charges	279,688	279,688	556,893	199%	431,269	125,624	29%
650 WATER OPERATION	8,657,911	8,657,911	5,433,144	63%	5,937,398	(504,254)	-8%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	5,000,000	5,000,000	5,428,572	109%	561,739	4,866,833	866%
Water Connection Fees	200,000	200,000	362,763	181%	333,487	29,276	9%
651 WATER EXPANSION	5,200,000	5,200,000	5,791,335	111%	895,226	4,896,109	547%
652 Water Rate Stabilization	445	445	447	100%	6,423	(5,976)	-93%
653 Water Capital Project	1,016,646	1,016,646	2,451,085	241%	557,897	1,893,188	339%
TOTAL WATER FUNDS	14,875,002	14,875,002	13,676,011	92%	7,396,944	6,279,067	85%
TOTAL ENTERPRISE FUNDS	21,819,453	21,819,453	19,776,789	91%	13,820,022	5,956,767	43%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	279,995	279,995	222,253	79%	183,947	38,306	21%
740 BUILDING MAINTENANCE SERVICES	1,652,610	1,652,610	1,239,458	75%	669,734	569,724	85%
745 CIP ADMINISTRATION	1,395,765	1,395,765	841,743	60%	933,946	(92,203)	-10%
760 UNEMPLOYMENT INSURANCE	60,484	60,484	30,243	50%	7,363	22,880	311%
770 WORKERS COMPENSATION	875,300	875,300	691,367	79%	339,274	352,093	104%
790 EQUIPMENT REPLACEMENT	373,009	384,009	278,933	73%	195,966	82,967	42%
793 CORPORATION YARD COMMISSION	136,715	136,715	49,539	36%	184,200	(134,661)	-73%
795 GENERAL LIABILITY INSURANCE	453,709	453,709	334,939	74%	288,542	46,397	16%
TOTAL INTERNAL SERVICE FUNDS	5,227,587	5,238,587	3,688,475	70%	2,802,972	885,503	32%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	284,041	n/a	379,755	(95,714)	-25%
842 M.H. BUS.RANCH A.D. II	-	-	25,232	n/a	36,175	(10,943)	-30%
843 M.H. BUS.RANCH 1998	905,353	905,353	676,451	75%	417,131	259,320	62%
844 M.H. RANCH REFUNDING 2004A	619,142	619,142	390,821	63%	760,459	(369,638)	-49%
845 MADRONE BP-TAX EXEMPT	826,553	826,553	426,847	52%	398,045	28,802	7%
846 MADRONE BP-TAXABLE	179,459	179,459	69,724	39%	83,557	(13,833)	-17%
848 TENNANT AVE.BUS.PK A.D.	37,993	37,993	34,778	92%	63,534	(28,756)	-45%
881 POLICE DONATION TRUST FUND	465	465	361	78%	202	159	79%
TOTAL AGENCY FUNDS	2,568,965	2,568,965	1,908,255	74%	2,138,858	(230,603)	-11%
TOTAL FOR ALL FUNDS	77,570,113	78,979,732	65,399,361	83%	51,249,201	14,060,003	27%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
010 GENERAL FUND								
I. GENERAL GOVERNMENT								
COUNCIL AND MISCELLANEOUS GOVT.								
	City Council	11,083	174,319	204,648	126,032	3,406	129,438	63%
	Community Promotions	1,075	28,114	28,114	11,649	-	11,649	41%
	COUNCIL AND MISCELLANEOUS GO	12,158	202,433	232,762	137,681	3,406	141,087	61%
	CITY ATTORNEY	39,424	566,191	850,022	644,313	125,595	769,908	91%
CITY MANAGER								
	City Manager	30,965	318,659	318,659	228,550		228,550	72%
	Cable Television	989	44,961	44,961	32,915	7,755	40,670	90%
	Communications & Marketing	1,247	71,045	71,045	43,014	-	43,014	61%
	CITY MANAGER	33,201	434,665	434,665	304,479	7,755	312,234	72%
RECREATION								
	Recreation	10,012	285,551	285,551	211,775	37,500	249,275	87%
	Community & Cultural Center	85,804	1,287,874	1,346,160	815,119	151,381	966,500	72%
	Aquatics Center	71,855	1,179,260	1,434,494	1,079,332	24,268	1,103,600	77%
	RECREATION	167,671	2,752,685	3,066,205	2,106,226	213,149	2,319,375	76%
HUMAN RESOURCES								
	Human Resources	42,825	485,417	485,417	360,257	-	360,257	74%
	Volunteer Programs	3,851	55,912	55,912	37,785	-	37,785	68%
	HUMAN RESOURCES	46,676	541,329	541,329	398,042		398,042	74%
CITY CLERK								
	City Clerk	17,677	252,920	277,261	186,229	4,708	190,937	69%
	Elections	3,218	100,296	100,296	74,460	-	74,460	74%
	CITY CLERK	20,895	353,216	377,557	260,689	4,708	265,397	70%
	FINANCE	66,247	927,325	927,325	655,460	-	655,460	71%
	MEDICAL SERVICES	-		5,000			-	n/a
	TOTAL GENERAL GOVERNMENT	386,272	5,777,844	6,434,865	4,506,890	354,613	4,861,503	76%
II. PUBLIC SAFETY								
POLICE								
	PD Administration	107,305	614,784	614,784	481,503		481,503	78%
	Patrol	308,792	4,106,920	4,121,520	2,889,856	9,861	2,899,717	70%
	Support Services	71,587	949,449	949,449	636,321	3,096	639,417	67%
	Emergency Services/Haz Mat	54	46,252	50,264	12,042	4,013	16,055	32%
	Special Operations	85,846	1,195,840	1,203,958	984,326	8,411	992,737	82%
	Animal Control	6,927	86,078	86,078	65,452		65,452	76%
	Dispatch Services	56,075	988,927	989,577	612,123	650	612,773	62%
	POLICE	636,586	7,988,250	8,015,630	5,681,623	26,031	5,707,654	71%
	FIRE	349,531	4,194,617	4,194,617	3,145,893	-	3,145,893	75%
	TOTAL PUBLIC SAFETY	986,117	12,182,867	12,210,247	8,827,516	26,031	8,853,547	73%
III. COMMUNITY IMPROVEMENT								
	PARK MAINTENANCE	33,669	705,572	706,957	472,026	14,598	486,624	69%
	TOTAL COMMUNITY IMPROVEMENT	33,669	705,572	706,957	472,026	14,598	486,624	69%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of March 2005
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FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
IV. TRANSFERS								
	PD Bond Debt Service	(57,299)			-	-	-	n/a
	Community Center	4,167	50,000	50,000	37,500		37,500	
	Info Systems		49,025	49,025	49,025	-	49,025	100%
	RDA Capital Project	-		28,976	-	-	-	n/a
TOTAL TRANSFERS		(53,132)	99,025	128,001	86,525	-	86,525	68%
TOTAL GENERAL FUND		1,352,926	18,765,308	19,480,070	13,892,957	395,242	14,288,199	73%
SPECIAL REVENUE FUNDS								
202 STREET MAINTENANCE								
	Street Maintenance/Traffic	127,546	1,593,914	1,634,617	1,159,622	130,859	1,290,481	79%
	Congestion Management	3,362	80,329	80,329	42,936		42,936	53%
	Street CIP	21,739	44,993	521,028	208,501	189,228	397,729	76%
202 STREET MAINTENANCE		152,647	1,719,236	2,235,974	1,411,059	320,087	1,731,146	77%
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,520	175,520	131,640		131,640	75%
206 COMMUNITY DEVELOPMENT FUND								
	Planning	78,920	1,086,783	1,236,714	839,255	99,860	939,115	76%
	Building	62,433	1,038,955	1,055,719	631,357	91,406	722,763	68%
	PW-Engineering	62,766	1,096,107	1,121,273	664,845	55,281	720,126	64%
206 COMMUNITY DEVELOPMENT FUND		204,119	3,221,845	3,413,706	2,135,457	246,547	2,382,004	70%
207	GENERAL PLAN UPDATE	2,050	60,498	147,742	25,071	60,059	85,130	58%
210	COMMUNITY CENTER	-	-	-	-	-	-	n/a
215/216	CDBG	7,811	288,007	657,039	68,989	116,737	185,726	28%
225	ASSET SEIZURE	10,276	-	-	45,794	1,402	47,196	n/a
229	LIGHTING AND LANDSCAPE	7,953	14,038	140,038	101,967	36,570	138,537	99%
232	ENVIRONMENT PROGRAMS	39,660	417,937	535,570	220,906	62,337	283,243	53%
234	MOBILE HOME PARK	216	5,202	200,545	10,641	185,839	196,480	98%
235	SENIOR HOUSING TRUST FUNI	-	20,180	20,180	3,806	3,465	7,271	36%
236	HOUSING MITIGATION FUND	-	1,015,000	1,015,000	-	15,000	15,000	1%
240	EMPLOYEE ASSISTANCE	-	25,000	45,000	33,325	-	33,325	74%
TOTAL SPECIAL REVENUE FUNDS		439,359	6,962,463	8,586,314	4,188,655	1,048,043	5,236,698	61%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	4,119	2,062,944	2,889,271	70,742	107,647	178,389	6%
302	PARK MAINTENANCE	-	150,000	150,000	31,883	-	31,883	21%
303	LOCAL DRAINAGE	128	2,001,536	2,001,536	1,152	-	1,152	0%
304	LOCAL DRAIN. NON-AB1600	2,464	841,669	854,739	34,187	-	34,187	4%
306	OPEN SPACE	-	-	-	492	-	492	-
309	TRAFFIC MITIGATION	8,317	1,050,000	2,234,433	352,831	1,011,998	1,364,829	61%
311	POLICE MITIGATION	495	88,937	98,444	69,336	10,000	79,336	81%
313	FIRE MITIGATION	115	101,380	132,676	1,035	9,101	10,136	8%
317	RDA BUSINESS ASSISTANCE	235,081	13,453,262	22,066,158	5,700,238	2,360,554	8,060,792	37%
327/328	RDA HOUSING	285,804	5,824,189	6,589,093	2,550,308	62,331	2,612,639	40%
340/342	MH BUS RANCH CIP	7,658	-	-	74,212	-	74,212	n/a
346	PUBLIC FAC.NON AB1600	4,406	553,000	7,562,887	6,925,938	407,730	7,333,668	97%
347	PUBLIC FACILITIES	114	1,365	11,115	1,024	9,750	10,774	97%
348	LIBRARY IMPACT	17	1,000,202	1,000,202	151	-	151	0%
350	UNDERGROUNDING	33	375,390	441,037	1,292	36,155	37,447	8%
360	COMM/REC CTR IMPACT	-	50,000	50,000	-	-	-	n/a
TOTAL CAPITAL PROJECTS FUNDS		548,751	27,553,874	46,081,591	15,814,821	4,015,266	19,830,087	43%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT	-	-	-	122,371	-	122,371	n/a
539	MORGAN HILL BUS. PARK A.D	-	-	-	-	-	-	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	655	194,200	194,200	190,678	-	190,678	98%
551	JOLEEN WAY A.D.	5,655	39,561	39,561	37,350	-	37,350	94%
TOTAL DEBT SERVICE FUNDS		6,310	233,761	233,761	350,399	-	350,399	150%
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	151,991	6,450,819	6,529,282	5,029,419	81,418	5,110,837	78%
641	CAPITAL EXPANSION	1,765	3,556,745	3,946,185	577,681	25,539	603,220	15%
642	SEWER RATE STABILIZATION	176	2,117	2,117	1,588	-	1,588	75%
643	SEWER-CAPITAL PROJECTS	13,468	472,539	1,515,015	631,743	206,169	837,912	55%
TOTAL SEWER FUND(S)		167,400	10,482,220	11,992,599	6,240,431	313,126	6,553,557	55%
WATER								
	Water Operations Division	326,763	6,541,316	6,912,203	4,019,833	571,379	4,591,212	66%
	Meter Reading/Repair	190,288	719,352	743,447	470,620	123,106	593,726	80%
	Utility Billing	30,265	392,283	392,283	283,974	5,588	289,562	74%
	Water Conservation	3,458	59,466	77,711	35,410	-	35,410	46%
650	WATER OPERATIONS	550,774	7,712,417	8,125,644	4,809,837	700,073	5,509,910	68%
651	CAPITAL EXPANSION	4,440	2,845,226	4,334,398	793,849	77,661	871,510	20%
652	WATER RATE STABILIZATION	41	493	493	370	-	370	75%
653	WATER-CAPITAL PROJECTS	171,239	1,115,923	3,170,822	631,129	3,092,596	3,723,725	117%
TOTAL WATER FUND(S)		726,494	11,674,059	15,631,357	6,235,185	3,870,330	10,105,515	65%
TOTAL ENTERPRISE FUNDS		893,894	22,156,279	27,623,956	12,475,616	4,183,456	16,659,072	60%
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	94,201	430,970	537,243	299,652	222,713	522,365	97%
740	BUILDING MAINTENANCE	99,922	1,343,445	1,343,445	936,805	21,349	958,154	71%
745	CIP ENGINEERING	86,878	1,395,765	1,431,786	842,333	38,696	881,029	62%
760	UNEMPLOYMENT	-	55,000	55,000	27,070	-	27,070	49%
770	WORKERS COMPENSATION	36,121	767,200	789,775	410,781	-	410,781	52%
790	EQUIPMENT REPLACEMENT	(140)	187,240	237,240	20,901	182,899	203,800	86%
793	CORP YARD COMMISSION	3,772	130,200	173,208	83,878	13,831	97,709	56%
795	GEN. LIABILITY INSURANCE	11,078	427,700	427,700	327,088	-	327,088	76%
TOTAL INTERNAL SERVICE FUNDS		331,832	4,737,520	4,995,397	2,948,508	479,488	3,427,996	69%
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I	41	-	-	378,934	-	378,934	n/a
842	MORGAN HILL BUS RANCH II	-	-	-	7,185	-	7,185	n/a
843	MORGAN HILL BUS RANCH 98	655	893,395	893,398	866,729	-	866,729	97%
844	MH RANCH RSMNT 2004A	2,777	598,873	598,873	177,973	-	177,973	30%
845	MADRONE BP-TAX EXEMPT	655	800,730	800,730	506,124	-	506,124	63%
846	MADRONE BP-TAXABLE	655	175,480	175,480	103,800	-	103,800	59%
848	TENNANT AVE BUS PARK AD	-	-	-	-	-	-	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
TOTAL AGENCY FUNDS		4,783	2,468,478	2,468,481	2,040,745	-	2,040,745	83%
REPORT TOTAL		3,577,855	82,877,683	109,469,570	51,711,701	10,121,495	61,833,196	56%



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,459,000	\$ 3,986,112	73%	\$ 3,966,765	\$ 5,821,375	\$ 4,686,105	80%	\$ 4,659,665
Meter Install & Service					40,000	100,586	251%	33,585
Other	110,500	127,939	116%	131,208	279,688	577,102	206%	431,269
Total Operating Revenues	5,569,500	4,114,051	74%	4,097,973	6,141,063	5,363,793	87%	5,124,519
Expenses								
Operations	4,682,409	3,317,123	71%	3,260,755	4,750,307	3,527,023	74%	3,486,189
Meter Reading/Repair					637,156	470,620	74%	302,314
Utility Billing/Water Conservation					399,783	319,384	80%	263,823
Total Operating Expenses	4,682,409	3,317,123	71%	3,260,755	5,787,246	4,317,027	75%	4,052,326
Operating Income (Loss)	887,091	796,928		837,218	353,817	1,046,766		1,072,193
Nonoperating revenue (expense)								
Interest Income	59,437	82,953	140%	74,456	16,848	69,351	412%	28,540
Interest Expense/Debt Services	(573,410)	(572,296)	100%	(586,625)	(243,249)	(134,848)	55%	(158,960)
Principal Expense/Debt Services	(975,000)	(975,000)	100%	(1,115,000)	(310,296)	(42,962)	14%	(31,260)
Total Nonoperating revenue (expense)	(1,488,973)	(1,464,343)		(1,627,169)	(536,697)	(108,459)		(161,680)
Income before operating xfers	(601,882)	(667,415)		(789,951)	(182,880)	938,307		910,513
Operating transfers in	-	-		-	2,500,000	-		784,339
Operating transfers (out)	(220,000)	(165,000)	75%	(684,964)	(420,000)	(315,000)	75%	(468,715)
Net Income (Loss)	\$ (821,882)	\$ (832,415)		\$ (1,474,915)	\$ 1,897,120	\$ 623,307		\$ 1,226,137



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of March 2005
75% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	2,245,667	6,198,987	3,341,812	4,233,851
Restricted ¹	1,894,204	6,991,116	406,599	5,873,387
Accounts Receivable		8,173		589
Utility Receivables	663,635		678,885	
Less Allowance for Doubtful Accounts	(16,091)		(19,501)	
Notes Receivable ²		9,951	273,763	
Fixed Assets ³	31,101,346	11,110,295	24,500,753	10,533,790
Total Assets	<u>35,888,761</u>	<u>24,318,522</u>	<u>29,182,311</u>	<u>20,641,617</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	272,952	110,628	75,446	
Deposits for Water Services & Other Deposits			39,163	
Deferred Revenue ⁴				
Bonds Payable	24,275,000		5,830,437	
Discount on Bonds and Other Liabilities	(2,565,506)		(978,154)	273,762
Accrued Vacation and Comp Time	53,324		91,554	
Total liabilities	<u>22,035,770</u>	<u>110,628</u>	<u>5,058,446</u>	<u>273,762</u>
FUND EQUITY				
Contributed Capital	7,735,831		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	9,338,528	11,110,295	19,830,679	10,260,028
Encumbrances	81,418	231,708	700,073	3,170,257
Notes Receivable		9,951		
Restricted Cash	1,894,204		406,599	5,873,387
Total Reserved Retained Earnings	11,314,150	11,351,954	20,937,351	19,303,672
Unreserved Retained Earnings	2,538,841	12,855,940	3,186,514	1,064,183
Total Fund Equity	<u>13,852,991</u>	<u>24,207,894</u>	<u>24,123,865</u>	<u>20,367,855</u>
Total Liabilities and Fund Equity	<u>35,888,761</u>	<u>24,318,522</u>	<u>29,182,311</u>	<u>20,641,617</u>

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



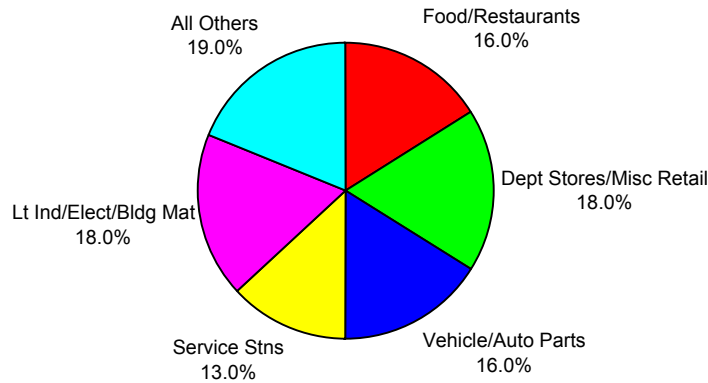
¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.
² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.
³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.
⁴ Includes the deferred payment portion of the loans noted above.
⁵ Designated as a general reserve.



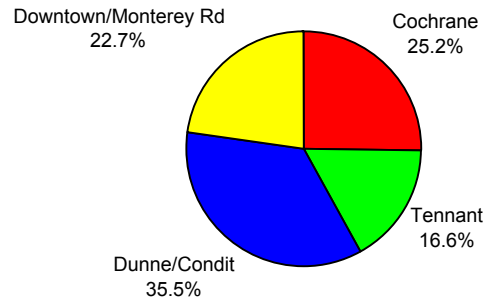
City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Completed

Month	Amount Collected for Month for Fiscal Year			Amount Collected YTD for Fiscal Year			Comparison of YTD for fiscal years	
	04/05	03/04	02/03	04/05	03/04	02/03	04/05 to 03/04	04/05 to 02/03
July	\$307,500	\$338,300	\$367,600	\$307,500	\$338,300	\$367,600	(30,800)	(60,100)
August	\$401,200	\$451,000	\$447,000	\$708,700	\$789,300	\$814,600	(80,600)	(105,900)
September	\$518,724	\$232,994	\$361,932	\$1,227,424	\$1,022,294	\$1,176,532	205,130	50,892
October	\$223,145	\$316,100	\$354,915	\$1,450,569	\$1,338,394	\$1,531,447	112,175	(80,878)
November	\$299,300	\$421,400	\$474,800	\$1,749,869	\$1,759,794	\$2,006,247	(9,925)	(256,378)
December	\$442,460	\$331,624	\$384,154	\$2,192,329	\$2,091,418	\$2,390,401	100,911	(198,072)
January	\$708,525	\$349,500	\$368,600	\$2,900,854	\$2,440,918	\$2,759,001	459,936	141,853
February	\$297,415	\$428,600	\$487,195	\$3,198,269	\$2,869,518	\$3,246,196	328,751	(47,927)
March	\$564,262	\$292,930	\$225,908	\$3,762,531	\$3,162,448	\$3,472,104	600,083	290,427
April		\$340,500	\$292,698		\$3,502,948	\$3,764,802		
May		\$385,525	\$394,500		\$3,888,473	\$4,159,302		
June		\$261,782	\$477,624		\$4,150,255	\$4,636,926		
Year To Date Totals				\$3,762,531	\$4,150,255	\$4,636,926		
Sales Tax Budget for Year				\$4,600,000	\$4,650,000	\$5,330,000		
Percent of Budget				82%	89%	87%		
Percent of increase(decrease)							19%	8%

**Sales Tax Distribution
by Business Segment
Second Quarter 2004**



**Sales Distribution
by Area
Second Quarter 2004**





CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

AWARD CONTRACT FOR CONSTRUCTION OF INTERIM OVERFLOW PARKING LOT AT THE AQUATICS CENTER

RECOMMENDED ACTIONS:

- 1) Award contract for construction of the Interim Overflow Parking Lot at the Aquatics Center to Trinchero Construction in the amount of \$50,477.
- 2) Authorize expenditure of up to 10% (\$5,048) for construction contingency.

EXECUTIVE SUMMARY: The Aquatics Center project was completed in June, 2004. On February 16, 2005 the City Council approved a \$600,000 list of "Capital Expenditures." One of the items presented was the construction of an Interim Overflow Parking Lot just north of the Aquatics Center at the southwest corner of the soccer complex. Staff advertised for public bids on this project starting March 26, 2005. Bids were opened on April 14, 2005 with the following results:

Trinchero Construction	\$ 50,477
Granite Construction	\$ 54,749
Duran & Venables	\$ 62,410
El Camino Paving	\$ 62,370
McGuire & Hester	\$ 69,347
Monterey Peninsula Engineering	\$ 69,862

The original Engineer's Estimate was \$40,000. Additional work was added to include a baserock parking area along San Pedro Avenue adjacent to the San Pedro Ponds TRAILS estimated at \$15,000. This additional work will be paid for using funding available in the current fiscal year for construction of a second access point to our San Pedro Ponds Trail. The new engineer's cost estimate was therefore \$55,000. As shown above, the low bidder, Trinchero Construction is approximately 8% below the new cost estimate. Staff has successfully completed many projects with Trinchero Construction and is hereby recommending award to them in the amount of \$50,477. Staff is also recommending an additional 10% contingency, or \$5,048, be included.

FISCAL IMPACT: A total of \$600,000 was appropriated by Council on February 16, 2005 to fund this and other Aquatics Center improvements from CIP #115000. \$15,000 shall be funded from Park Maintenance fund (#302) to pay for the improvements at San Pedro Ponds TRAILS, the remaining \$40,525 will be funded by CIP project #115000.

Agenda Item #

Prepared By:

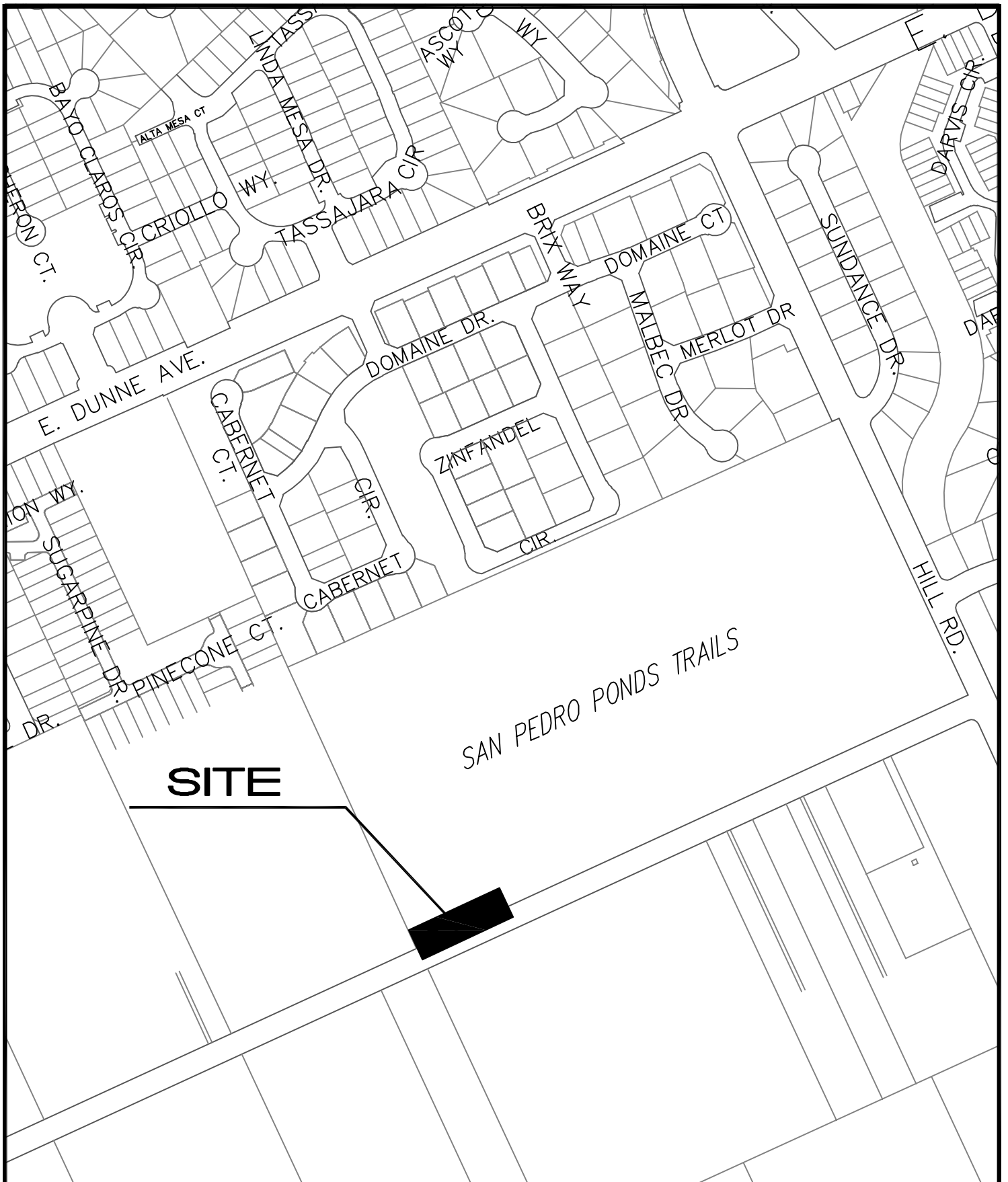
Senior Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager



City of Morgan Hill

Public Works Department

**SITE MAP
SAN PEDRO PONDS TRAILS
BASEROCK PARKING AREA**



Q:\R-14\PROJ\JH\dwg\scd\scdoo.dwg_Layout 64

Date: 4/14/05

Drwn by: JH

Chkd by: GR

SOCCER COMPLEX

AQUATICS CENTER

BEGIN NEW 4'H FENCE
WITH TERMINAL POST
NEXT TO EXIST. FENCE

INSTALL 4'H x 4'L
GALVANIZED CHAIN LINK FENCE
PEDESTRIAN GATE

INSTALL 4'H GALVANIZED
CHAIN LINK FENCE

INSTALL 4'H x 4'L
GALVANIZED CHAIN LINK FENCE
PEDESTRIAN GATE

360'

INSTALL (2) 4'Hx12.5'L
GALVANIZED CHAIN
LINK ACCESS GATES

INSTALL (2) 6'Hx12.5'L
GALVANIZED CHAIN
LINK ACCESS GATES

BEGIN NEW 4'H FENCE
WITH TERMINAL POST
NEXT TO EXIST. FENCE

REMOVE (3) EXISTING
PINE TREES FOR NEW
D/W AS SHOWN

REMOVE EXISTING FENCE
TO THE NEAREST POST.
INSTALL 6' HIGH FENCE TO GATE POSTS
(TYPICAL BOTH SIDES)

CONDIT ROAD

SCALE: 1"=40'

g:\r-14\proj\jh\aquaticsite_1.dwg

3/25/05

INTERIM OVERFLOW PARKING - APPENDIX A (1 OF 2)

CITY OF MORGAN HILL
PUBLIC WORKS DEPT.



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item # 3

Prepared By:

**Community
Development
Director**

Submitted By:

City Manager

AGREEMENTS WITH PACIFIC MUNICIPAL CONSULTANTS, AND WITH THE INSTITUTE & CORRALITOS CREEK LLC, REGARDING IMPLEMENTATION OF THE INSTITUTE GOLF COURSE PUD MITIGATION MONITORING & REPORTING PLAN (MMRP)

RECOMMENDED ACTION(S): By motion, approve and authorize execution of the Agreement between the City of Morgan Hill and PMC, and of the Agreement between the City of Morgan Hill and The Institute & Corralitos Creek, LLC.

EXECUTIVE SUMMARY: On July 7, 2004 the City Council certified the EIR and on August 18, 2004 the Council took actions to approve a Mitigation Monitoring and Reporting Plan (MMRP) and a Rezoning of the Institute Golf Course property from Open Space to Planned Unit Development. The MMRP requires submittal of a Site Development and Grading Plan for the golf course, which will need to integrate and reflect certain mitigation measures and conditions of approval.

Review of the Site Development and Grading Plan, as well as verifying compliance with other mitigation measures and conditions of approval, is proposed to be carried out primarily by Pacific Municipal Consultants (PMC), with city staff providing direction and assistance to PMC. The estimated PMC cost is \$55,000, and the City will charge the 19% consultant surcharge (\$10,450) as a fee to cover city staff time. The total amount of \$65,450 then, pays for consultant and city staff time and materials associated with review of the Site Development and Grading Plan and the MMRP implementation. Any other future permits, such as for a new Institute building, will require payment of additional permit fees, such as for Architectural and Site Review.

The Agreement between the City and the Institute/Corralitos Creek LLC provides that the applicant/property owner will deposit funds with the City in order to pay for the above-described costs.

FISCAL IMPACT: No impact on City General Fund; all costs are paid by the applicant/property owner.

R/PLANNING/WP51/Institute Golf Course MMRP 2005

CONSULTANT AGREEMENT PACIFIC MUNICIPAL CONSULTANTS

THIS AGREEMENT is made this ____ day of _____, 2005, by the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and PACIFIC MUNICIPAL CONSULTANTS, a California corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to City Council approval on April 20, 2005.
2. CONSULTANT is qualified by virtue of experience, training, education, and expertise to accomplish these services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** This Agreement shall cover services rendered from the date of execution until June 30, 2006, unless extended by an approved written amendment to this Agreement that is executed by both parties.
2. **Services to be Provided.** The services to be performed by CONSULTANT shall consist of functioning as an extension of city staff to carry out duties associated with verifying implementation of the Mitigation Monitoring and Reporting Program (MMRP) for the Institute Golf Course project, as described in the "Project Approach and Specific Tasks" description of the scope of work described in Exhibit "A", attached and incorporated herein by this reference. CONSULTANT shall provide services under the direction of the city's Community Development Director.
3. **Compensation.** CONSULTANT shall be compensated as follows:
 - 3.1. **Amount.** Compensation under this Agreement shall not exceed \$55,000, unless increased by written amendment to this Agreement that is executed by both parties.
 - 3.2. **Payment.** For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, written authorization by CITY will be required in the form of an amendment to this Agreement that is executed by both parties. Payment shall be based on time and materials, at the hourly rates in Exhibit "B", attached and incorporated herein by this reference.
 - 3.3. **Records of Expenses.** CONSULTANT shall keep accurate records of all time and expenses incurred pursuant to the Agreement, and shall submit monthly documentation to CITY, which shall include name of employee or subcontractor, amount of time spent, applicable billing rate, and a description of the task or activity carried out, which is to be related to the categories of expenses in CONSULTANT scope of work. These records will attached to each monthly invoice that is transmitted to CITY.

3.4. Budget Utilization. CONSULTANT shall provide written notification to CITY upon reaching 80% of the \$55,000 budget, so that MMRP compliance activities and the status of the PMC scope of work can be evaluated against remaining funds and a strategy developed, with input from the applicant/property owner, for completion of MMRP and PMC tasks. Such strategy may involve amendment to this Agreement.

3.5. Termination. CITY shall have the right to terminate this Agreement, without cause, by giving written notice to CONSULTANT, who shall immediately cease work upon receipt of notice, and the final invoice shall include billing only for time and materials costs incurred prior to the receipt of the termination notice. CONSULTANT shall have the right to terminate this Agreement, without cause, by giving fifteen (15) days' written notice to CITY.

4. Insurance Requirements.

4.1. Commencement of Work. CONSULTANT shall not commence work under this Agreement until it has obtained CITY approved insurance. For general liability and automobile insurance policies, CONSULTANT shall provide CITY, prior to commencement of work, with a separate endorsement which states that the policy contains the following language:

- The CITY, its elected officials, officers, employees, agents and representatives are named as additional insureds; and,
- the insurer waives the right of subrogation against CITY and CITY'S elected officials, officers, employees, agents, and representatives; and,
- insurance shall be primary non-contributing.

CONSULTANT shall furnish CITY with copies of all policies or certificates subject to this Agreement, whether new or modified, promptly upon receipt. No policy subject to this Agreement shall be cancelled or materially changed except after thirty (30) days' notice by the insurer to CITY by certified mail.

4.2. Workers Compensation Insurance. CONSULTANT and all subcontractors shall maintain Worker's Compensation Insurance, if applicable.

4.3. Insurance Types and Amounts. CONSULTANT shall maintain general commercial liability and automobile insurance against claims and liabilities for personal injury, death, or property damage, providing protection of at least \$1,000,000 for bodily injury or death to any one person for any one accident or occurrence and at least \$1,000,000 for property damage. CONSULTANT shall also maintain professional liability insurance in an amount of \$1,000,000 per claim.

4.4. Acceptability of Insurers. All insurance required by this Agreement shall be carried only by responsible insurance companies licensed to do business in California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

4.5. Provision of Agreement to Insurers. CONSULTANT represents and warrants that they have provided a copy of this Agreement to their respective insurers, and the insurers are aware of all obligations pertaining to CONSULTANT as stated in this Agreement.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable for any default or liability under this Agreement.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, national origin, or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of CITY.
8. **Compliance with Law.** CONSULTANT shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.
9. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT for work performed under this agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
10. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
11. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of CONSULTANT is as follows:

Pacific Municipal Consultants
585 Cannery Row, Suite 304
Monterey, CA 93940

Address of CITY is as follows:

Community Development Director	with a copy to:
City of Morgan Hill	City Clerk
17555 Peak Avenue	17555 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037

12. **CONSULTANT'S Proposal.** This Agreement shall include CONSULTANT'S proposal or bid, which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
13. **Licenses, Permits, and Fees.** CONSULTANT shall obtain a City of Morgan Hill Business License, all permits, and licenses as may be required by this Agreement.
14. **Familiarity with Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

15. **Time of Essence.** Time is of the essence in the performance of this Agreement.
16. **Limitations Upon Subcontracting and Assignment.** Neither this Agreement or any portion shall be assigned by CONSULTANT, without prior written consent of CITY.
17. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.
18. **Indemnification.** CONSULTANT agrees to protect, defend and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including reasonable attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, to the extent arising out of performance of the Agreement by CONSULTANT, CONSULTANT'S agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT. The only exception to CONSULTANT'S responsibility to protect, defend, and hold harmless CITY is due to the sole negligence of CITY as adjudged by a court of competent jurisdiction. This agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.
19. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by CITY and CONSULTANT.
20. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the Santa Clara County Superior Court.
21. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.
22. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

ATTEST:

THE CITY OF MORGAN HILL

City Clerk

Date: _____

City Manager

Date: _____

APPROVED:

“CONSULTANT”

Risk Manager

Date: _____

By:

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: _____

Project Approach and Specific Tasks

For this assignment, PMC will function as an extension to City staff to specifically verify implementation of the Mitigation Monitoring and Reporting Program (MMRP) for the Institute Golf Course project. From our review of the MMRP, it is apparent that many conditions need to be verified as part of, or prior to, approval of the Site Development and Grading Permit, and many of the conditions will need to be reflected on the Site Development and Grading Plan. Other mitigation measures are on-going, and will require periodic review of the proposed Mitigation Operations Plan. Some of these operations will continue beyond the term of the initial 12-month contract.

For the assignment, PMC proposes the services of Michael McCormick, Associate Planner, as the primary project contact and compliance analyst. Other staff members and technical experts, as identified in this proposal, will participate as necessary to verify compliance. The following specific tasks are anticipated over the initial 12-month contract period:

1. **Meetings and Status Reports:** PMC assumes an initial meeting with City staff and the applicant at the project site to review the project site against the improvement plans. We assume four (4) quarterly meetings with City staff and the applicant during the 12-month contract period. Other staff-level meetings will occur as necessary. Status reports to the Planning Manager will be prepared monthly, providing a status summary of mitigation compliance, obstacles encountered, or other relevant issues.
2. **Review Phased Site Development and Grading Plans (SDGP).** Since individual condition requirements over time are tied to the SDGP, we assume that this plan will be phased or otherwise be frequently amended prior to its ultimate final approval. PMC will review versions of the SDGP to verify the incorporation of specific mitigation measures and design details over time.
3. **Review Applicant's Plans and Technical Reports.** In addition to the SDGP, each report required to be prepared by the applicant for the purposes of mitigation compliance will be reviewed by PMC staff or our subconsultants. Such reports may include geotechnical reports, tree planting plans, groundwater investigations, recycled water proposals, water usage/turf reduction proposals, water service and storage plans, pond operations, revegetation plans, erosion control plans, habitat restoration plans, biological resource studies, chemical application management plan (CHAMP), and water quality assessments.

4. **Track and Organize Written Documents.** To track mitigation compliance, PMC proposes to manage and maintain a condition compliance binder that organizes all written evidence of compliance. Examples of this documentation include proof of payment of fees (receipts, cancelled checks, etc.), memos from city department heads or responsible agencies verifying compliance, written statements of review and compliance from technical professionals, and recorded agreements. The condition compliance binder will be tabbed for Mitigation Measure 1 through 39, consistent with the MMRP. The goal of the binder is to provide clear evidence and verification of compliance, so that each measure can be "checked off".
5. **Field Verification.** As necessary, PMC team members will provide field verification of mitigation compliance. This is particularly important for habitat improvements, species mitigation, and restoration work. Construction monitoring will be provided as required by the appropriate field professional.
6. **Coordinate with Responsible Agencies.** Compliance for some measures requires the applicant's direct coordination with local, State and federal permitting agencies. PMC will monitor the applicant's progress to obtain the required "written verification" from resource agencies such as the California Department of Fish and Game and the US Fish and Wildlife Service for habitat restoration measures within the timeframes specified by the MMRP. Other responsible or permitting agencies include the Regional Water Quality Control Board, US Army Corps of Engineers, State Department of Health Services, and Santa Clara Valley Water District.

From our experience, agency permitting and approval of an applicant's mitigation plans does not always meet the time frame specified in the measure of the MMRP. For example, approvals and final buy-off by the USFWS can take considerable time due to limited agency resources. For this reason, PMC will inform the City of any occurrence where compliance is delayed, and indicate the reasons for the delay. PMC will also contact agencies directly, when it is in the interest of the City to help expedite the compliance process.

7. **Coordination with Applicant's Professionals.** Interpretation of any mitigation measure is critical. To avoid confusion over the statement requirements or differences in interpretation, PMC staff will coordinate with the applicant's consultants as necessary. Early consultation with these professionals when preparing their plans and reports will help avoid the potential for costly and time consuming revisions.

PROPOSED PROJECT TEAM

The following staff members and support team are proposed to assist with the mitigation monitoring and compliance tasks. The City of Morgan Hill reserves the right to supplement any team member, particularly for review of engineering reports. Full resumes for the following staff members are included in this submittal.

Pacific Municipal Consultants *(Primary monitoring consultant.)*

- Tad Stearn, Principal in Charge
- Patrick Angell, Senior Environmental Advisor
- Michael McCormick, Associate Planner
- Andrea Erichsen, Senior Staff Biologist
- Jessica Nadolski, Associate Staff Biologist
- Kevin Grant, Certified Arborist

Kleinfelder, Inc. *(Review of applicant-generated groundwater studies, water quality reports and geotechnical.)*

- Nathan Stoopes, RG
- Michael Clark, CHg, CEG
- Chris Johnson, RG, C Hg

C+D Engineers *(Civil engineering review support for grading and drainage plans.)*

- Stan Kulakow
- Mike Bittner

EXHIBIT "B"

COST ESTIMATES

The following information provides PMC's hourly rates for conducting environmental review assignments for the City of Morgan Hill, including mitigation monitoring.

Charge Rate Schedule For PMC

Principal:	\$132/hour
Senior Associate:	\$115/hour
Senior Planner/Biologist:	\$105/hour
Associate Planner/Biologist:	\$92/hour
Assistant Planner:	\$80/hour
Administrative Assistance:	\$55/hour

For this assignment, PMC proposes to bill monthly on a time and materials basis. Work will be summarized in monthly status reports for review and approval.

Pacific Municipal Consultants

Math Institute Golf Course Mitigation Monitoring and Compliance
City of Morgan Hill

Estimated breakdown of primary costs:

Meetings and Status Reports
60 hours

Initial Team Review of EIR documents and MMRP
25 hours

Review Phased SDGP
25 hours

Review Applicant's Plans and Technical Reports as submitted
PMC (planning, biology, arborist) 150 hours
Creegan + D' Angelo (civil) 40 hours
Kleinfelder (drainage/groundwater) 40 hours

Track and Organize Written documents
40 hours – ongoing, coordinated with Task 3

Field Verification
PMC Planning 20 hours
PMC Biology and Arborist 60 hours

Coordinate with Responsible Permitting Agencies
20 hours

Coordinate with Applicant's Professionals
30 hours

Total PMC Hours 430 @ blended rate of \$100/hr	\$43,000
Total Engineer Hours 80 @ \$150/hr	\$12,000

Estimated budget over 12-month period:	\$55,000
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The above estimates are based on assumptions the effort required. The actual effort required may fluctuate.

MITIGATION MONITORING AGREEMENT

THIS MITIGATION MONITORING AGREEMENT (the “Agreement”) is made this 20th day of April 2005, by the CITY OF MORGAN HILL, a municipal corporation, (“City”), The Institute, LLC, a California limited liability company (“The Institute”) and CORRALITOS CREEK, LLC, a California limited liability company (“Corralitos”).

PURPOSE

The purpose of this Agreement is to set forth the terms of payment for costs incurred by the City in complying with its responsibilities for mitigation monitoring and reporting in relation to the environmental impact report for the Project, as described herein.

This Agreement is not meant to create any contractual relationship between the City and Corralitos, nor to create any promises or expectation the part of any party in regard to future development activity on the project site, as defined in the Environmental Impact Report referenced in this section below (the “Project Site”), or to amend, abrogate, or contravene the obligations imposed pursuant to Ordinance 1687, Resolution 5827, the Environmental Impact Report certified on July 7, 2004, and Mitigation Monitoring and Reporting Program (“MMRP”) approved on August 18, 2004.

RECITALS

The following recitals are a substantive part of this Agreement:

- A. This Agreement is entered into pursuant to City Council approval on April 20, 2005.
- B. Corralitos is the owner of the Project Site and leases the portion of the Project Site devoted to golf course uses to The Institute.

C. On March 3, 2003, The Institute applied for a PUD zoning application for various uses, including an 18-hole golf course (the “Golf Course”), the AIM Research Center (the “AIM Building”) (collectively the “Project”).

D. On July 7, 2004, the City adopted Resolution No. 5827, which certified the environment impact report for the Project (“EIR”). That EIR recommended mitigations for the impacts of the Project on the environment. On August 18, 2004 the City adopted Resolution No. 5839, which approved the MMRP, and adopted Ordinance No. 1687, which rezoned the project site to the Planned Unit Development District (“PUD Ordinance”) and approved the precise development plan for the PUD. The PUD Ordinance included as conditions of approval the mitigations in the EIR that were included in the MMRP adopted by the City Council. In addition, the PUD Ordinance approving the Project obligates the Applicant to pay “all fees necessary to defray the City’s expense in reviewing and monitoring the MMRP, including fees to cover City staff time, out of pocket expenses and administrative charges (the “City Fees”), and the fees of any consultants retained by the City to evaluate compliance with the MMRP or to oversee implementation of the MMRP in whole or in part.”

E. In furtherance of the Project approvals and the MMRP Resolution, the City has entered into an Agreement (the “MMRP Agreement”) with PACIFIC MUNICIPAL CONSULTANTS (“PMC”) to provide services to the City relating to verifying the implementation of the MMRP by The Institute and Corralitos.

AGREEMENT

1. Compliance Documentation. The Institute shall be responsible for submitting compliance documentation to the City for all mitigation measures contained in the MMRP. The Institute and Corralitos agree the following measures relate to construction of the American Institute of Mathematics (“AIM”) Building, and that Corralitos shall carry out and submit all

compliance documentation to The Institute, which shall in turn submit such documentation to the City: 32, 33, 34, 37, 38 and 39 (the “AIM Building Mitigations”).

2. Records of PMC Costs. Under section 3.3 of the MMRP Agreement, PMC is required to keep records of all time and expenses incurred pursuant to the MMRP Agreement, which is to include name of employee or subcontractor, amount of time spent, applicable billing rate, and a description of the task or activity carried out, which is to be related to the categories of expenses in PMC scope of work. These PMC records will be attached to each monthly invoice that is transmitted to CITY. CITY shall transmit such documentation regarding the PMC Costs on a semi-monthly basis to the addressees identified in Section 8 of this Agreement.

3. Payment of PMC Costs and City Fees.

- a. The parties acknowledge and agree that the PMC Costs are estimated to be \$55,000 but such amount may increase or decrease.
- b. The parties also acknowledge and agree that the City will charge a 19% surcharge on any and all PMC Costs, (“City Fee”) which shall be considered full payment in advance for the City Fees associated with the Site Development and Grading Plan for the golf course project, and for the City Fees associated with the MMRP and MMRP Agreement.
- c. Either The Institute or Corralitos may make payments to the City for PMC Costs or City Fees, but The Institute remains solely liable for payment of all such costs and expenses to the City.
- d. In the event that PMC provides notice to the City that it has reached 80% of the \$55,000 Budget, then, as required by the MMRP Agreement, The Institute, PMC and City shall meet so that MMRP compliance activities and the status of PMC

scope of work can be evaluated against remaining funds under the MMRP Agreement and a strategy developed for completion of tasks associated with MMRP compliance and the PMC scope of work. Such strategy may involve amendment to the PMC MMRP Agreement.

4. Initial Payment of Deposit and Fee. Concurrent with execution of this Agreement, the amount of \$55,000.00 shall be submitted to the City as a deposit, and the amount of \$10,450 (representing 19% of \$55,000) shall be submitted to the City as a fee.

5. Additional Fees and Costs. The Institute and Corralitos, and their respective officers, agents and employees, acknowledge and agree that the \$10,450 paid to City constitutes the city fee associated for review of the golf course Site Development and Grading Plan, as well as for city activities associated with implementation of the MMRP, but that additional fees may be charged by the City for any new or amended permit application which may be filed, such as for architectural and site review for the AIM Building. The Institute and Corralitos, and their respective officers, agents and employees, further acknowledge and agree that governmental entities other than the City may charge fees or costs to The Institute or Corralitos, and the City has no control over such charges. The Institute and Corralitos agree that prompt payment of such fees to third parties is necessary to allow timely progress on the MMRP.

6. Good Faith Efforts to Work Together; Appeal Rights. The parties agree to work together in good faith and meet as necessary to address any issues that arise relating to compliance with the MMRP. Should the parties be unable to resolve any disagreements regarding the completeness of a technical study or compliance documentation submitted to the City, the City's Community Development Director shall make a determination. Should The Institute be dissatisfied with the Director's decision regarding any matter related to the MMRP, the action

may be appealed to the Morgan Hill City Council. Notwithstanding the foregoing, the parties retain their rights to all available legal remedies.

7. Notices; Delivery. All notices shall be personally delivered, mailed, via first class mail, or faxed to the below listed addresses. Mailed notices shall be effective five days after date of mailing. Personally delivered or faxed notices shall be effective on the date of delivery.

Address of CITY is as follows:

City Community Development Director	with a copy to:
City of Morgan Hill	City Clerk
17555 Peak Avenue	17555 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037
Fax (408) 779-3117	Fax (408) 779-3117

Address of The Institute is as follows:

Hoge, Fenton, Jones & Appel, Inc.
C/o Joseph Karnes
60 South Market Street, Suite 1400
San Jose, CA 95113-2396
Fax: (408) 287-2583

Address of Corralitos is as follows:

Corralitos Creek, LLC
C/o Foley, McIntosh, Frey & Claytor, P.C.
David L. Frey
3675 Mt. Diablo Blvd., #250
Lafayette, CA 94549
Fax (925) 284-3029

8. Entire Agreement; Amendment. This Agreement constitutes the entire agreement between the parties and supersedes any previous agreement, oral or written concerning the subject matter of this Agreement. This Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by the parties.

9. Governing Laws; Venue. This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the Santa Clara County Superior Court.

10. Interpretation. This Agreement shall be interpreted as though prepared by both parties, with the advice of counsel.

11. Severance. Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

12. Authority to Execute. The undersigned individuals represent that the representations made in this Agreement are accurate and complete, and that they have the power and authority to enter into this Agreement and to bind the parties to the rights and responsibilities set forth in this Agreement.

IN WITNESS WHEREOF, these parties have executed this Agreement on the day and year shown below.

ATTEST:

THE CITY OF MORGAN HILL

City Clerk

Date: _____

City Manager

Date: _____

APPROVED:

APPROVED AS TO FORM:

Risk Manager

Date: _____

City Attorney

Date: _____

THE INSTITUTE, LLC

CORRALITOS, LLC

By: _____

Its: _____

Date: _____

By: Ramune Ambrozaitis

Its: Manager

Date: _____



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

APPROVAL OF INSTALLATION OF PERCHLORATE REMOVAL SYSTEM FOR NORDSTROM WELL FOR SUMMER OF 2005

RECOMMENDED ACTION(S): Authorize issuance of PO to US Filter in the amount of \$158,082.

EXECUTIVE SUMMARY: As Council is aware, due to perchlorate contamination emanating from the Olin site, the City leased a perchlorate removal system from US Filter for our Nordstrom Well site for the summer of 2003 and 2004. The system was in operation for a three month period in 2003 and for a eight month period in 2004.

It is staff's recommendation that we place the perchlorate removal system in operation again this year at Nordstrom Well. We are projecting that by May 1st the water demand may be high enough in the city to require the Nordstrom Well, therefore we are making this request at this time to re-install the perchlorate removal system. The attached proposal has been received from US Filter; a five month operation of the well is expected to cost \$158,082, dependent upon the volume of water treated.

FISCAL IMPACT: As with all of our previous expenses for perchlorate related contamination, staff and our special counsel will do all we can to seek reimbursement from the responsible parties. Sufficient funding does exist in the current and next year's budget based upon the surcharge to water rates recently enacted by City Council specifically to fund perchlorate removal costs.

Agenda Item #4

Prepared By:

Management Analyst

Approved By:

Department Director

Submitted By:



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

THIRD AMENDMENT TO AGREEMENT WITH THE STROMBOTNE LAW FIRM

RECOMMENDED ACTIONS:

Authorize the City Manager to execute a Third Amendment to Agreement with the Strombotne Law Firm.

EXECUTIVE SUMMARY:

On June 7, 2004, the City contracted with the Strombotne Law Firm to represent the City's interest in a construction dispute with Stevelle Construction Company, Inc., involving the new Morgan Hill Police Facility. The parties are attempting to reach a negotiated settlement. In the interim, eight subcontractors have filed suit against the City for enforcement of Stop Notices. The current contract in the amount of \$50,000 is insufficient to cover the fees and costs associated with continued negotiations of this matter and defending the City against the lawsuits filed by the subcontractors. The attached Third Amendment to Agreement is in the amount of \$95,000. It is anticipated that the additional \$45,000 will be sufficient to cover the anticipated fees and costs through the end of the current fiscal year. Therefore, staff is recommending that Council approve the attached Third Amendment to Agreement increasing the contract amount to \$95,000.

FISCAL IMPACT:

The cost of this amended agreement will be accommodated in the City Attorney's Office budget as part of a comprehensive set of adjustments to be made prior to the end of Fiscal Year 2004-2005.

Agenda Item # 5

Prepared By:

(Title)

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

SECOND AMENDMENT TO AGREEMENT WITH MACLELLAN WOLFSON ASSOCIATES

RECOMMENDED ACTIONS:

Authorize the City Manager to execute a Second Amended Agreement with MacLellan Wolfson Associates.

EXECUTIVE SUMMARY:

On January 12, 2004, the City entered into an agreement in the amount of \$20,000 with MacLellan Wolfson Associates to provide consulting and expert witness services in connection with the *City of Morgan Hill v. VBN, et al.*, lawsuit. Said services included the review and analysis of numerous documents and plans from the City and other parties, meetings with the City's outside counsel and preparation of spreadsheets. An amendment to agreement was entered into on October 20, 2004, increasing the contract amount to \$25,000.

In December 2004 and January 2005, outside counsel provided MacLellan Wolfson Associates with additional documents for review and rendering of their expert opinion to be used for settlement discussions or, if the matter did not settle, in preparation for trial. Expenses were also incurred in providing copies of documents to the City's structural engineering expert in preparation for his deposition and anticipated trial testimony. The case was concluded by settlement.

The current contract is insufficient to cover the additional fees and expenses. Therefore, staff is recommending that Council approve the attached Second Amendment to Agreement increasing the contract amount an additional \$2,500 to \$27,500. This amount is sufficient to cover the concluding statement from MacLellan Wolfson Associates.

FISCAL IMPACT:

The cost of this Second Amendment to Agreement can be accommodated in the City Attorney's Office budget. No additional appropriation is necessary at this time.

Agenda Item # 6

Prepared By:

(Title)

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

AGREEMENT WITH THE LAW FIRM OF JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP

RECOMMENDED ACTIONS:

Authorize the City Manager to execute an Agreement with the law firm of Jorgenson, Siegel, McClure & Flegel, LLP.

EXECUTIVE SUMMARY:

The City hired the firm of Jorgenson, Siegel, McClure & Flegel, LLP, to represent the City's interest in a declaratory relief action against Howard Vierra. On September 10, 2004, a Summons and Complaint for Declaratory Relief was filed. Fees and costs incurred in 2004 were paid under the firm's general contract with the City. Said contract is insufficient to cover the fees and expenses incurred from January through March 2005 and the anticipated additional fees and costs through the end of the current fiscal year.

Legal fees and costs for January, February and March 2005 are approximately \$27,000. This lawsuit could generate additional fees and costs in the amount of \$10,000. Therefore, staff is recommending that Council approve the attached Agreement in the amount to \$37,000.

FISCAL IMPACT:

The cost of this agreement will be accommodated in the City Attorney's Office budget as part of a comprehensive set of adjustments to be made prior to the end of Fiscal Year 2004-2005.

Agenda Item # 7

Prepared By:

(Title)

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

AGREEMENT WITH THE LAW FIRM OF JORGENSEN, SIEGEL, McCLURE & FLEGEL, LLP

RECOMMENDED ACTIONS:

Authorize the City Manager to execute an Agreement with the law firm of Jorgenson, Siegel, McClure & Flegel, LLP.

EXECUTIVE SUMMARY:

On November 19, 2004, the City was served with a Summons and Complaint in an action filed by Judith L. Berkman; A. William Berkman; Marcia Schneider; Kenneth Schneider and Ralph Heron. The City hired the firm of Jorgenson, Siegel, McClure & Flegel, LLP, to defend and represent the City's interest. Fees and costs incurred in 2004 were paid under the firm's general contract with the City. Said contract is insufficient to cover the fees and expenses incurred from January through March 2005 and the anticipated additional fees and costs through the end of the current fiscal year.

Legal fees and costs to respond to plaintiffs' discovery requests for January, February and March 2005 are approximately \$15,000. This lawsuit could generate additional fees and costs in the amount of \$25,000, to include production of additional documents and the taking and attending of depositions. Therefore, staff is recommending that Council approve the attached Agreement in the amount to \$40,000.

FISCAL IMPACT:

The cost of this agreement will be accommodated in the City Attorney's Office budget as part of a comprehensive set of adjustments to be made prior to the end of Fiscal Year 2004-2005.

Agenda Item # 8

Prepared By:

(Title)

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

AMENDMENT TO CONTRACT FOR CONSULTANT PLANNING SERVICES

RECOMMENDED ACTION(S):

Authorize the City Manager to Execute a Contract Amendment in the amount not to exceed \$37,637 for contract planning services.

EXECUTIVE SUMMARY:

The current fiscal year budget includes funding to continue the services of a contract planner to assist with processing of current development applications.

The audit report prepared by MAXIMUS on the City's development processing services recommended the Planning Division continue to contract for this position to help expedite processing of applications for new developments. Under the current terms, the contact planner works on site 24 hours a week. On occasions staff has had to expand the contract planners hours to a 5-day, 40 hour work week. The additional time was needed to help to off-set temporary staff reductions due to the vacancy in the Department Director position, the assignment of additional administrative responsibilities to the Division Manager during that period, and a staff member's absence on medical leave.

On September 18, 2002, the City Council approved a contract with Pacific Municipal Consultants (PMC) to provide planning services through January 31, 2003. Subsequent extensions of the contract were approved with the most recent extension approved on June 16, 2004, extending the contract through the end of the current fiscal year (June 30, 2005). The current contact amount, \$63,000, is only sufficient to cover the original 24 hour per week work schedule. To cover the additional hours that were needed, staff is recommending the contract with PMC be amended, increasing the total contract amount for the current fiscal year from \$63,000 to \$100,637.

FISCAL IMPACT:

The Planning Division budgeted \$63,000 under contract services for the current PMC contract. As noted above, the City will need to add \$37,637 to the PMC contract to fully fund the contract planner services through the end of the current fiscal year. Funding for the contract amendment will come from salary savings accrued from the Community Director's position. The Director's position was funded, but not filled until the third quarter of the fiscal year (February 2005).

Agenda Item # 9

Prepared By:

Planning Manager

Approved By:

**Community
Development Director**

**Approved /Submitted
By:**

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item # 10

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1719, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 2.22.010 (Establishment of boards and commissions) OF Chapter 2.22 (Master Provisions for Boards and Commissions) OF TITLE 2 (Administration and Personnel) DELETING REFERENCE TO THE PERSONNEL COMMISSION AND RENAMING THE LIBRARY COMMISSION.

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1719, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On April 6, 2005, the City Council Introduced Ordinance No. 1719, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

None.

ORDINANCE NO. 1719, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 2.22.010 (Establishment of boards and commissions) OF Chapter 2.22 (Master Provisions for Boards and Commissions) OF TITLE 2 (Administration and Personnel) DELETING REFERENCE TO THE PERSONNEL COMMISSION AND RENAMING THE LIBRARY COMMISSION.

WHEREAS, the City Council of the City of Morgan Hill adopted Ordinance No. 1613 deleting Chapter 2.48 (Personnel Commission) of Title 2 (Administration and Personnel) of the Municipal Code on April 29, 2003, and

WHEREAS, a reference to the personnel commission, which no longer exists, remains in Section 2.22.010 (Establishment of boards and commissions) of Chapter 2.22. (Master Provisions for Boards and Commissions) of Title 2 (Administration and Personnel) of the Municipal Code, and

WHEREAS, amending Section 2.22.010 to remove that reference in order to maintain accuracy within in the Municipal Code.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AND ENACT AS FOLLOWS:

Section 1. Section 2.22.010 (Establishment of boards and commissions) of Chapter 2.22 (Master Provisions for Boards and Commissions) of Title 2 (Administration and Personnel) is amended to read as follows:

“Section 2.22.010 Establishment of boards and commissions.

A. There are established within the city the following boards and commissions:

1. Planning commission;
2. ~~Personnel commission~~;
- 3.2. Mobile home rent advisory commission;
- 4.3. Parks and recreation commission;
- 5.4. Architectural and site review board; and
- 6.5. ~~Library commission~~ *Library, culture and arts commission.*

B. Unless otherwise set forth, all members of boards and commissions shall be residents of and registered voters in the city and shall continue to be qualified electors in and residents of the city during their terms of office. The city council, upon making a finding to the effect that there are no qualified residents applying for a seat upon a board or commission, may appoint an individual who is not a city resident but who is a registered voter of Santa Clara County and residing within the city's sphere of influence.

C. Members shall be appointed by a majority of the city council and may be removed without cause by vote of any three members of the city council.

- D. The appointment terms of members may be extended, at the discretion of the city council, until such time as a successor member may be appointed and take office."

Section 2. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 3. Effective Date; Posting. This ordinance shall take effect thirty (30) days after its second reading. This ordinance shall be posted at City Hall.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 6th Day of April 2005, and was finally adopted at a regular meeting of said Council on the Day of April 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ **CERTIFICATE OF THE CITY CLERK** ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1719, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of April 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item # 11

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1720, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO SECTION 18.76.250.H.1.B OF THE SIGN CODE TO INCREASE THE MAXIMUM ALLOWABLE SIGN AREA FOR ON-SITE FREESTANDING SIGNS ON LOTS FIVE ACRES OR GREATER IN SIZE IN COMMERCIAL AND INDUSTRIAL PLANNED UNIT DEVELOPMENTS FROM 48 SQUARE FEET TO 50 SQUARE FEET (ZA-05-02: TEXT AMENDMENT – MONUMENT SIGNS/FORD MOTOR CO.)

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1720, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On March 16, 2005, the City Council continued this item to April 6, 2005, at which meeting the City Council Introduced Ordinance No. 1720, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

No budget adjustment required.

ORDINANCE NO. 1720, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO SECTION 18.76.250.H.1.B OF THE SIGN CODE TO INCREASE THE MAXIMUM ALLOWABLE SIGN AREA FOR ON-SITE FREESTANDING SIGNS ON LOTS FIVE ACRES OR GREATER IN SIZE IN COMMERCIAL AND INDUSTRIAL PLANNED UNIT DEVELOPMENTS FROM 48 SQUARE FEET TO 50 SQUARE FEET (ZA-05-02: TEXT AMENDMENT – MONUMENT SIGNS/FORD MOTOR CO.)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.

SECTION 2. The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

SECTION 3. Section 18.76.250.H.1.b of the Morgan Hill Municipal Code is amended to read as follows:

18.76.250.H.1.b Commercial and industrial zone signs, On-site Freestanding Signs

Sign area: Sign area shall not exceed one square foot of sign area per each lineal foot of building frontage, up to a maximum of *50 square feet for lots five acres or greater in size and zoned Commercial PUD and/or Industrial PUD, and up to a maximum of 48 ~~forty-eight~~ square feet for all other Commercial and Industrial zones.* Up to an additional 36 square feet of sign area may be added to the *48 ~~forty-eight~~* square feet maximum for a permanent year round farmers market use. The additional 36 square feet of sign area shall only contain pricing for seasonal specials and must be incorporated within the same sign structure as permitted in the first part of this paragraph. A minimum of *24 ~~twenty-four~~* square feet of the area of such signs shall be devoted to business identification.”

SECTION 4. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 5. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 6th Day of April 2005, and was finally adopted at a regular meeting of said Council on the Day of April 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1720, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of April 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item # 12

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1721, NEW SERIES, AS AMENDED

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING TEXT AMENDMENTS TO CHAPTER 6.36 (ANIMALS AND LAND USE) OF TITLE 6 (ANIMALS) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL. (ZA-04-22: CITY OF MORGAN HILL-ACREAGE REQUIRED FOR ANIMALS, AND REQUIREMENT FOR RESIDENTIAL PRIVATE LIVESTOCK PERMIT)

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1721, New Series, As Amended, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On April 6, 2005, the City Council held a public hearing on a Municipal Code text amendment regarding the amount of acreage required for animals, and the requirement for a residential private livestock permit. The Council amended the proposed ordinance to allow appeals to be brought before the City Council; and Introduced Ordinance No. 1721, New Series, As Amended, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

No budget adjustment required.

ORDINANCE NO. 1721, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING TEXT AMENDMENTS TO CHAPTER 6.36 (ANIMALS AND LAND USE) OF TITLE 6 (ANIMALS) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL. (ZA-04-22: CITY OF MORGAN HILL-ACREAGE REQUIRED FOR ANIMALS, AND REQUIREMENT FOR RESIDENTIAL PRIVATE LIVESTOCK PERMIT)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The proposed amendment of the Municipal Code is consistent with the General Plan and is consistent with and in the interest of public health, safety and welfare.

SECTION 2. INCORPORATING MUNICIPAL CODE TEXT CHANGES BY REFERENCE. There hereby is attached hereto and made a part of this ordinance, a text amendment to Chapter 6.36 Animals and Land Use of Title 6 of the Morgan Hill Municipal Code, contained in the attached Exhibit "A."

SECTION 3. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 4. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced, as amended, at the regular meeting of the City Council of the City of Morgan Hill held on the 6th Day of April 2005, and was finally adopted at a regular meeting of said Council on the Day of April 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

§ CERTIFICATE OF THE CITY CLERK §

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1721, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of April 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

EXHIBIT A

EXHIBIT A

6.36.030 Definitions. For the purposes of this chapter, unless otherwise apparent from the context, certain words and phrases used in this chapter are defined as follows:

A. "Agricultural zone," "commercial zone," "industrial zone" and "residential zone" mean all areas within the city zoned for agricultural uses, commercial uses, industrial uses and residential uses, respectively, as established by the official zoning ordinances of the city.

B. *"Corral" means an area enclosed by fencing for the keeping of livestock.*

~~B.C.~~ "Enclosed premises" means any lot or premises so enclosed as to prevent any animal or fowl confined thereon, escaping there from, or any animal or fowl from entering thereon.

~~C.D.~~ "Health officer" means the county health officer acting as the health officer of the city.

~~D.E.~~ "Household pets" means and includes dogs, cats, canaries, parrots and other kindred birds and animals which are legal to possess in the state of California, that are usually or ordinarily kept as household pets.

~~E.F.~~ "Livestock" means and includes horses, ponies, mules, burros, jacks and jennies, cows, bulls, calves, heifers, llamas, sheep, goats, and all other domestic or domesticated animals that are legal to possess within the state of California except swine, hogs, pigs and other household pets.

~~F.G.~~ "Person" means an individual, firm, partnership or corporation, and their heirs, assigns, executors, administrators or agents.

H. *"Private use" means keeping of animals for private purposes and enjoyment and occasional sale.*

~~G.I.~~ "Poultry" means and includes chickens, turkeys, ducks, geese, pigeons and all other fowl including birds which are kept in outdoor aviaries.

~~H.J.~~ "Poultry ranch" means any premises, including outdoor aviaries, where a combined total of fifteen or more domestic fowl and poultry are kept, maintained, harbored or controlled by any person. Poultry under three months of age and not exceeding fifteen in number shall not be considered in computing the number of fowl on the premises.

~~I.K.~~ "Public stable" means any building or structure for the keeping of two or more horses which are not owned by the occupant of the premises, and are so kept for remuneration, hire or sale.

~~J.L.~~ "Rabbits and small animals" means and includes hares, hamsters, chinchillas and guinea pigs, and all types of rodents.

~~K.M.~~ "Rabbit ranch" means any premises where eight or more rabbits are kept, maintained, harbored or controlled by any person. Rabbits under three months of age and not exceeding fifteen in number shall not be considered in computing the number of rabbits on the premises.

~~L.N.~~ "Rear yard" means a yard extending across the full width of the lot between the main building and the rear lot line; the depth of the required rear yard shall be measured horizontally from the nearest part of the main building toward the rear lot line. (Ord. 1443 N.S. § 1, 1999; Ord. 1209 N.S. (part), 1995; Ord. 135 § 2, 1962)

6.36.050 Keeping of livestock, poultry ranch and rabbit ranch – Minimum area requirements.

Other than as allowed for keeping of livestock for private uses in residential zoning districts and on open space properties with a private residence, in accordance with Section 6.36.175 of this Chapter, in any residential and/or commercial zone, no livestock, poultry ranch or rabbit ranch shall be maintained on an area of less than one acre, and the number of livestock thereof shall not exceed a number per acre of two adult livestock in any combination of the foregoing livestock and their immature offspring ; provided, that the total number on any one lot, site, farm or ranch shall not exceed two adult livestock and their immature offspring, unless by revocable special permit of the city council after a recommendation by the planning commission that the keeping of additional livestock will not be detrimental to the health, safety and welfare of the abutting property owners.

6.36.060 Keeping of livestock, poultry ranch and rabbit ranch – Distance from residences.

Other than as allowed for keeping of livestock for private uses in residential zoning districts and on open space properties with a private residence, in accordance with Section 6.36.175 of this Chapter, all open enclosures, whether pasture land or corral, shall be not less than one hundred feet from the nearest school, church, hospital or dwelling used for human habitation, other than the residence of the owner of such livestock; provided, however, that in all cases where the distance from the nearest school, church, hospital or dwelling used for human habitation, other than the residence of the owner of such livestock, is less than two hundred feet, the person in control of the premises where the livestock is kept also shall obtain a revocable special permit for one year, or more, issued by the city council after the matter has been presented to and acted upon by the planning commission. The city council need not follow the recommendation of the planning commission. Any renewal of the special permit may be made by the council without further consideration by the planning commission. The council may impose any conditions in such permit deemed by it necessary to preserve the health, safety and welfare of the neighborhood.

6.36.070 Keeping of livestock, poultry ranch and rabbit ranch – Setbacks.

All open enclosures containing livestock, poultry ranch or rabbit ranch shall be set back at least thirty feet from any traveled street, except an alley; *except that livestock kept for private uses in residential zoning districts and on open space properties with a private residence shall be set back in accordance with the corral location approved in conjunction with issuance of a Residential Private Livestock Permit.*

6.36.090 Animal Use Permit and Residential Private Livestock Permit – Issuance.

All permits required in matters pertaining to sanitation and the preservation of public health as provided in this chapter and the laws of the state, shall be known as Animal Use Permits *and Residential Private Livestock Permits*. Permits so issued shall be in the name of the owner, operator or lessee in whose name the permit is issued, and such permits shall not run with the land.

6.36.175 *Keeping of livestock for private uses in residential zoning districts and on open space properties with a private residence. Livestock may be kept in residential zoning districts and on open space properties with a private residence, subject to the issuance of a Residential Private Livestock Permit, which shall be issued by the Community Development Department subject to the following standard conditions.*

- A. Livestock may only be kept for private uses.*
- B. A maximum of two adult large livestock animals (horses, cows, mules) and their immature offspring; and a maximum of four adult small livestock animals (sheep, goats, llamas) may be kept per the first 40,000 square feet of lot area. For each additional 20,000 square feet of lot area, two additional adult small livestock animals and immature offspring may be kept; and for each additional 40,000 square feet of lot area, one additional adult large livestock animal and immature offspring may be kept.*
- C. All livestock shall be securely enclosed in a corral sufficient to keep them contained. The proposed location of the corral shall be indicated on a site plan by the applicant. The corral location shall be subject to approval by the Community Development Department in conjunction with issuance of the Residential Private Livestock Permit. The Department shall notify the applicant and adjacent property owners of the proposed Permit by mail at least ten days prior to the decision of the Department, in order to receive input. The approved location of the corral shall be based on criteria relevant to the application, including but not limited to type and size of animals, existing land use and structures on site, adjacent land uses and structures, possibility of noise and odor impacts on neighbors, topography, relationship to streets and alleys, applicable fence location and height regulations, and protection of fences between the property and adjacent lots.*
- D. Appeals of the decision of the Community Development Department shall be filed within 10 days, and appeals shall be considered by the Planning Commission at a noticed public hearing. Appeals of the decision of the Planning Commission shall be filed within 10 days, and appeals shall be considered by the City Council at a noticed public hearing. The decision of the City Council shall be final.*

6.36.290 **Operation without permit prohibited.**

Any person who commences, conducts, carries on, transacts, engages in, runs, operates or maintains or causes, permits or allows another person to carry on any endeavor wherein sanitation and the preservation of public health are involved, and there is required an animal use permit *or a residential private livestock permit* by this chapter or the laws of the state, without first applying for and securing an animal use permit *or a residential private livestock permit*, is guilty of a misdemeanor.

**CITY OF MORGAN HILL
SPECIAL CITY COUNCIL MEETING
MINUTES – APRIL 6, 2005**

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 5:05 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Carr, Grzan, Tate and Mayor Kennedy
Late: Council Member Sellers (arrived at 5:07 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council Action

OTHER BUSINESS:

1. LIBRARY AND PARKS AND RECREATION COMMISSION INTERVIEWS

City Clerk Torrez informed the Council that the City received five applications from citizens interested in filling three vacancies on the Parks & Recreation Commission. She identified the interview and appointment process the Council has used in the past to fill vacancies on boards and commissions.

The City Council interviewed the following Parks & Recreation Commission applicants: Jim Green, Laura Hagiperos, Katherine L. Hardt-Mason, John Reese, and Craig Van Keulen.

Action: By consensus, the City Council **Appointed** Jim Green, Katherine Hardt-Mason, and Laura Hagiperos to Fill Three (3) Vacancies on the Parks and Recreation Commission; All Terms Expiring April 1, 2007.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 6:07 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK

**CITY OF MORGAN HILL
SPECIAL CITY COUNCIL MEETING
MINUTES – APRIL 11, 2005**

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 8:35 a.m.

ROLL CALL ATTENDANCE

Present: Council Members Carr, Sellers, Tate and Mayor Kennedy
Council Member Grzan (participated via conference call)

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

CLOSED SESSION:

Mayor Kennedy announced the below listed closed session item:

1.
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Case: 1

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the closed session item to public comment as well as to items not listed on this morning's agenda. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 8:37 a.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 9:42 a.m.

CLOSED SESSION ANNOUNCEMENT

Mayor Kennedy announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 9:43 a.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK



CITY COUNCIL/REDEVELOPMENT AGENCY

MEETING DATE: April 20, 2005

Agenda Item # 15

Approved By:

BAHS Director

Submitted By:

Executive Director

MORGAN HILL COURTHOUSE AGREEMENT

RECOMMENDED ACTION(S): Authorize the Executive Director/City Manager to execute and; make minor modifications as needed, subject to legal counsel review; an agreement with the County of Santa Clara regarding clarification of the County's responsibilities under the existing Ground Lease.

EXECUTIVE SUMMARY: In 2003, the City and Redevelopment Agency (Agency) approved an Acquisition, Disposition and Development Agreement (ADDA) and a ground lease with the County of Santa Clara (County) to develop the new Morgan Hill Courthouse complex to replace the County's facility in San Martin. Over the past several months, the County and Agency have been trying to resolve two disagreements with the County: 1) payment for certain impact and other fees to the City/Agency related to construction and 2) the level of street and offsite improvements required to be constructed by the County for the Courthouse.

The attached Agreement resolves the disagreements so as to allow the County to proceed with their project. Specifically, the County has agreed to pay to the City/Agency:

- \$9,360 in engineering plan check and inspection fees.
- \$78,756 in water connection fees
- \$76,019 in storm drain fees
- \$133,000 for reimbursement of improvements to Butterfield Blvd.
- \$199,000 for sewage connection fees or a lesser amount based on documented actual use at existing court facilities adjusted for square footage.

The County has also agreed to install half-street improvements along Diane Ave which includes curb, sidewalk, gutter, street cul-de-sac, street light, new storm drain inlet, and relocation of a fire hydrant. Exhibit 2 of the Agreement contains a detailed plan of the proposed improvements. This agreement clarifies the extent of the County's obligations with respect to the off-site improvements and payments of fees under the ground lease.

The Morgan Hill Courthouse is an 80,000 sq. ft. complex containing six courthouses, court administrative offices, and offices for the District Attorney, Public Defender and other related facilities/offices. The location for the Courthouse complex is the eight acre property just south of the Caltrain lot on Butterfield Blvd.

FISCAL IMPACT: Payment of fees and permits to the City/Agency that otherwise may not have been paid.

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – APRIL 6, 2005**

CALL TO ORDER

Mayor/Chairman Kennedy called the special meeting to order at 6:07 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Grzan, Sellers, Tate and Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk/Agency Secretary Tewes certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Manager/Executive Director Tewes announced the below listed closed session items:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 4

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: City of Morgan Hill v. Howard Vierra
Case Number: Santa Clara County Superior Court, Case No. 1-04-CV-026723

3.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: General Lighting Service, Inc. v. Wells Construction Group, et al. [Consolidated Actions]
Case Number: Santa Clara County Superior Court, Lead Case No. 1-04-CV-025561

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 6:09 p.m.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 7:05 p.m.

CLOSED SESSION ANNOUNCEMENT

Acting City Attorney/Agency Counsel Siegel announced that no reportable action was taken in closed session and that it is expected that at the conclusion of the meeting, the Council/Agency Board may be going back into closed session. If there are any closed session announcements to be made, the announcement would be reported at the conclusion of the closed sessions.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Mayor Kennedy presented Certificates of Recognition to Megan Bergantz, Leland High School, in honor of her 2003-04 Teacher of the Year award; and Leonore Robledo, Willow Glen High School, for working diligently with her recent Advanced Placement Spanish class enabling the entire class to pass the end of the year Advanced Placement Test.

PRESENTATION

Mayor Kennedy presented a clock to Mr. Bob Eltgroth, retiring Bicycle and Trails Committee Member, in recognition and appreciation of his years of service to this Committee and the community.

PROCLAMATIONS

Karl Bjarke recognized Ariadne Delon Scott, on behalf of WebCor, for the donation of labor and materials to improve/repair the Third Street Bridge for the upcoming Morgan Hill Grand Prix event to take place this weekend.

CITY COUNCIL REPORT

Mayor Pro Tempore Tate stated that the City Council has reorganized the Council committees; forming five standing committees. The Council has assigned each Council member to chair one of the committees and serve on another committee. He indicated that under Council Member Carr's chair, he serves on the Public Safety and Community Services Committee. He indicated that the Committee held its initial meeting on March 23. Several subjects were discussed, but no decisions were made (e.g.,

indoor recreation center, the need for funding of school resource officers, Sobrato High School soccer complex). He chairs the Financial Policy Committee and that this Committee is focusing on revenue generation. The Committee is putting together several community outreach events so that the City can have a meaningful dialogue with members of the community on the services the City offers. He said that the problem the City is trying to solve spending more money than it brings in at this time. He indicated that the City is in a fortunate situation in that it has a large reserve to make up the difference, for a while. However, this cannot continue forever. He informed the public that the City has cut its expenses as much as possible without cutting services. The City now needs to discuss generating more revenue or cutting services. He stated that the Council wants to educate the community about balancing the City's finances and services and commence the dialogue with the community in order to receive its input. Therefore, the community will start seeing outreach efforts in these areas in the next few weeks. He indicated that he served on another ad hoc committee, along with Mayor Kennedy – the Ethics Committee. He said that there was representation on the Ethics Committee from Council appointed commissions and committees. This Committee has formed a value based ethics policy and that it will be coming before the Council later this month for initial adoption. He stated that the Council would like this ethics policy to be a living document, to be modified as needed. He indicated that the Ethics Policy was the fruition of over a year's effort.

CITY MANAGER REPORT

City Manager Tewes announced a revision to the agenda. He requested that item 23 be pulled from this evening's agenda for some additional staff work that is necessary. He stated that it would be staff's goal to bring this item back to the Council on April 20.

CITY ATTORNEY REPORT

Acting City Attorney Siegel stated that he did not have a report to present this evening.

OTHER REPORTS

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Ken Hulick informed the City Council and the public that Morgan Hill Rotary is sponsoring a "Let's Go to the Hop" fundraiser event on April 16. He invited the City Council and the public to this event.

No further comments were offered.

City Council Action

CONSENT CALENDAR:

Action: *On a motion by Council Member Carr and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0) **Approved** Consent Calendar Items 1-16 as follows:*

1. **RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (MEASURE C) COMPETITION THIRD YEAR PHASING REQUESTS**

Action: ***Adopted** Resolution No. 5900, Approving Third Year Phasing into Fiscal Year 2008-2009 for Projects in the 2004-2005 Micro, Small Project and Open/Market Rate Competitions.*

2. **APPOINTMENT TO LIBRARY COMMISSION**

Action: *1) **Re-Appointed** Jeanne Gregg to the Library Commission to Serve a Two-Year Term, Expiring April 1, 2007; and 2) **Directed** the City Clerk to Recruit to Fill a Vacancy on the Library Commission.*

3. **ORDINANCE AMENDING SECTION 2.22.010 OF THE MUNICIPAL CODE DELETING THE REFERENCE TO THE PERSONNEL COMMISSION AND RENAMING THE LIBRARY COMMISSION – Ordinance No. 1719, New Series**

Action: *1) **Waived** the First and Second Reading of Ordinance No. 1719, New Series ; and 2) **Introduced** Ordinance No. 1719, New Series, Amending Section 2.22.010 of the Morgan Hill Municipal Code to Delete the Reference to the Personnel Commission and Renaming the Library Commission to Library, Culture and Arts Commission.*

4. **UTILITIES AND ENVIRONMENT COMMITTEE MINUTES**

Action: ***Received** Minutes.*

5. **REVISED REIMBURSEMENT AGREEMENT FOR UNDERGROUNDING OF OVERHEAD UTILITIES BY SHAW DEVELOPMENT (ALSO KNOWN AS: SHAW REAL ESTATE, INC.)**

Action: *1) **Appropriated** \$281,828 from the Unappropriated Underground Utility Fund Balance (350); and 2) **Approved** the Amended Reimbursement Agreement; Thereby Approving Reimbursement of \$47,040 to Developer, and Payment of \$234,788 to PG&E for Undergrounding Overhead Utilities along the South Side of East Dunne Avenue, West of Walnut Grove.*

6. **ACCEPTANCE OF DONATION FOR THIRD STREET BRIDGE IMPROVEMENT BY WEBCOR BUILDERS**

Action: ***Accepted** Donation by Webcor Builders, Inc. for Improvements to the Third Street Bridge.*

7. **ACCEPTANCE OF 2004-2005 SIDEWALK, CURBS AND GUTTER REMOVAL AND REPLACEMENT PROJECT**

Action: *1) **Accepted** as Complete the 2004-2005 Sidewalk, Curb and Gutter Removal and Replacement Project in the Final Amount of \$94,027; and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*

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8. **FINAL MAP APPROVAL FOR COYOTE ESTATES PHASE X (TRACT 9680)**
*Action: 1) **Approved** the Final Map, Subdivision Agreement, and Improvement Plans; 2) **Authorized** the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and 3) **Authorized** the Recordation of the Map and the Subdivision Improvement Agreement, Following Recordation of the Development Improvement Agreement.*
 9. **FINAL MAP ACCEPTANCE FOR MORGAN LANE PHASE IV (TRACT 9610)**
*Action: 1) **Approved** the Final Map, Subdivision Agreement, and Improvement Plans; 2) **Authorized** the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; and 3) **Authorized** the Recordation of the Map and the Subdivision Improvement Agreement, Following Recordation of the Development Improvement Agreement.*
 10. **APPROVAL OF SUPPLEMENTAL IMPROVEMENT AGREEMENT WITH SOUTH VALLEY DEVELOPERS**
*Action: 1) **Approved** the Supplemental Improvement Agreement with South Valley Developers, Inc.; and 2) **Authorized** the City Manager to Sign the Supplemental Improvement Agreement for Construction of Lift Station G, Subject to Review and Approval by the City Attorney.*
 11. **AGREEMENT WITH PG&E FOR DEPOT STREET UTILITIES UNDERGROUNDING PROJECT**
*Action: **Authorized** the City Manager to Execute an Agreement, Subject to City Attorney Review and Approval, with PG&E in the Amount of \$47,500 to Perform Initial Engineering Design Work for the Depot Street Utilities Undergrounding Project.*
 12. **REIMBURSEMENT FOR UNDERGROUNDING OF OVERHEAD UTILITIES AND STORM DRAIN PIPE REPLACEMENT BY T.K. SINGH AND PARMINDER SINGH**
*Action: **Authorized** the Reimbursement of \$58,144 for Undergrounding of Overhead Utilities and Storm Drain Pipe Replacement by T.K. and Parminder Singh.*
 13. **AMENDMENT TO AGREEMENT WITH THE LAW FIRM OF SHUTE, MIHALY, & WEINBERGER, LLP**
*Action: **Authorized** the City Manager to Execute an Amendment to Agreement with the Law Firm of Shute, Mihaly, and Weinberger, LLP.*
 14. **ADOPT ORDINANCE NO. 1716, NEW SERIES**
*Action: **Waived** the Reading, and **Adopted** Ordinance No. 1716, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1616, NEW SERIES, TO GRANT ONE ADDITIONAL YEAR FOR THE CONSTRUCTION OF A 3,253 SQUARE FOOT DRIVE-THRU FAST FOOD RESTAURANT AND A SIT DOWN RESTAURANT 5,000 TO 6,500 SQUARE FEET IN SIZE AT THE NORTHWEST QUADRANT OF COCHRANE ROAD AND HIGHWAY 101 (APNs 726-33-023 & -024) (ZAA-02-18: COCHRANE – IN-N-OUT BURGER).***

15. ADOPT ORDINANCE NO. 1717, NEW SERIES

Action: Waived the Reading, and Adopted Ordinance No. 1717, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH A PRECISE DEVELOPMENT PLAN FOR A 17 UNIT SINGLE FAMILY PROJECT LOCATED BETWEEN AND ADJACENT TO PEAR DRIVE AND JEAN COURT ALONG THE WEST SIDE OF HILL ROAD. (APN 728-07-47, 728-07-48, 728-07-49, 728-07-50, 728-07-51, 728-08-014, 728-08-015) (ZA-04-15: HILL – GERA).**

16. ADOPT ORDINANCE NO. 1718, NEW SERIES

Action: Waived the Reading, and Adopted Ordinance No. 1718, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-02-17: HILL - GERA (APN 728-07-47, 728-07-48, 728-07-49, 728-07-50, 728-07-51, 728-08-014, 728-08-015) (DA-04-04: HILL - GERA).**

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Mayor Pro Tempore/Vice-chairman Tate requested that items 17 and 18 be pulled from the Consent Calendar as he would be abstaining from voting on these two items.

Action: On a motion by Council/Agency Member Carr and seconded by Mayor Pro Tempore/Vice-chairman Tate, the City Council/Agency Board unanimously (5-0) Approved Consent Calendar Item 19 as follows:

19. JOINT SPECIAL REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF MARCH 23, 2005

Action: Approved the Minutes as written.

Action: On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Carr, the City Council/Agency Board, on a 4-0-1 vote with Mayor Pro Tempore/Vice-chairman Tate abstaining, Approved Consent Calendar Items 17 and 18 as follows:

17. JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES OF MARCH 16, 2005

Action: Approved the Minutes as written.

18. JOINT REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF MARCH 23, 2005

Action: Approved the Minutes as written.

City Council Action

PUBLIC HEARINGS:

20. WATER CONSERVATION SUBMETERING ORDINANCE (Continued from March 16, 2005)

Director of Public Works Ashcraft informed the Council that there are still some issues with the ordinance that staff wishes to resolve. Therefore, he requested that the Council continue the public hearing to April 20, 2005.

Mayor Kennedy opened the public hearing. No comments were offered.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council/Agency Member Sellers, the City Council unanimously (5-0) Continued the Public Hearing to April 20, 2005.*

21. ZONING AMENDMENT, ZA-05-02: TEXT AMENDMENT – MONUMENT SIGNS/FORD MOTOR COMPANY (Continued from March 16, 2005) – ***Ordinance No. 1720, New Series***

Director of Community Development Molloy-Previsich presented the staff report, informing the Council that staff conducted additional research on how other cities handle monument signs. She indicated that staff found that other cities' monument sign areas range from 40 square feet to 350 square feet. She stated that 40, 50, 60, and 75 square feet are common areas. She indicated that the amendment would increase the City's monument size from 48 square feet to 50 square feet. She noted that staff included in the staff report information regarding the City's variance process and the findings that would be required should sign applicants proceed with a variance. For the reasons suggested in the staff report, staff did not suggest a variance as an alternative. She recommended that the Council consider the zoning amendment on the merits of the appropriate size of monument signs for large sites in PUDS.

Council Member Carr noted that the attachment provided by staff lists two cities that have a smaller maximum sign area than Morgan Hill. He noted that in the City of Los Gatos, auto dealers are allowed pole signs up to 125 square feet.

Mayor Kennedy opened the public hearing.

Tim Paulus, representing the Ford Store and the Ford Division who could not be in attendance this evening, indicated that should the zoning amendment be approved, it would authorize an increase in size would be insignificant. He stated that with the proposed amendment, the City would still have sign

restrictions such that a sign cannot be over eight feet tall as stated in the guidelines, nor be internally illuminated. In the future, if there are other requests to increase the size of a sign, requests would still have to go through the architectural review process. He informed the Council that he distributed a list that identifies the sign areas that are approved in other cities. He noted that the Morgan Hill Ford sign would be the smallest, being only eight feet in height.

No further comments being offered, the public hearing was closed.

Council Member Sellers felt that this would be a small change in the sign ordinance and that the amendment would place Morgan Hill in compliance with most communities. He indicated that as the chair of the Economic Development subcommittee, serving with Council Member Carr, this subcommittee will be looking at economic development inhibitors. He felt that this is an issue where Morgan Hill is out of sync with other communities. He felt that this should be part of a larger review in order to ensure that the City is in compliance. Further that the City maintains what is unique about the City, but not make it difficult for individuals to do business in this community. He stated his support of the zoning amendment.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council/Agency Member Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1720, New Series.*

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council/Agency Member Sellers, the City Council **Introduced** Ordinance No. 1720, New Series, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO SECTION 18.76.250.H.1.B OF THE SIGN CODE TO INCREASE THE MAXIMUM ALLOWABLE SIGN AREA FOR ON-SITE FREESTANDING SIGNS ON LOTS FIVE ACRES OR GREATER IN SIZE IN COMMERCIAL AND INDUSTRIAL PLANNED UNIT DEVELOPMENTS FROM 48 SQUARE FEET TO 50 SQUARE FEET (ZA-05-02: TEXT AMENDMENT – MONUMENT SIGNS/FORD MOTOR CO.).***

Council Member Carr said that he still has reservations about the sign text amendment. He was pleased to hear that Council Member Sellers would like to have a larger review in the subcommittee process. He has reservations about making changes to ordinances because of one specific incident. He sees now, with the information as presented, the City is out of line with what is taking place around Morgan Hill. He stated that he would be supporting the zoning amendment this evening with the idea that the City would be conducting a larger analysis in the future.

Vote: *The motion carried by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

22. ZONING AMENDMENT, ZA-04-22: CITY OF MORGAN HILL-ACREAGE REQUIRED FOR ANIMALS (Continued from March 16, 2005) - *Ordinance No. 1721, New Series*

Director of Community Development Molloy-Previsich presented the staff report, indicating that on March 2, the Council introduced Ordinance No. 1714. The ordinance would eliminate the requirement for an animal use permit and would make the use a right. The ordinance would also increase the number of allowable livestock and would impose a requirement of a corral to be located 50 feet from all property lines for lots less than five acres and 100 feet for lots greater than five acres. She indicated that at the March 2 meeting, there seemed to be a question about whether all existing situations would need to confirm with the ordinance. She informed the Council that under the introduced version of the ordinance, any residential lots with existing livestock would be required to install the appropriate corral 50 or 100 feet from all property lines. She stated that there was some confusion about the fact that this requirement was not included in the zoning ordinance. Therefore, existing situations would not be considered legal nonconforming uses and that all residential lots with livestock would need to come into compliance with the new ordinance.

Ms. Molloy-Previsich informed the Council that staff conducted further analysis to offer the Council an option in the event that Ordinance No. 1714 was not the intent contemplated. Staff's analysis includes a map of all residential and open space lots of 40,000 square feet or greater in order to determine what areas in town would be affected by the ordinance. She indicated that staff and the City's animal control officer toured a number of existing locations where livestock are kept. It was found that very few existing locations meet the 50 foot fence/corral setbacks. In most situations, staff did not see a problem. Further, there are a lot of factors to consider in deciding where the appropriate location of a fence or corral should be. Staff felt that in some circumstances, adjacent property owners may want to have the opportunity to provide input to the City and to neighbors as to the location of the fence or corral. She informed the Council that staff has drafted an ordinance that includes a residential private livestock permit. The permit would be issued by staff (administrative over the counter process) with no public hearing requirement. However, notice would be sent to adjacent property owners in order to allow them to become aware of the permit application and have the ability to provide input. Following the ten day notice, staff could issue the permit. She indicated that a provision for an appeal to the planning commission for a final decision has been included. Staff is suggesting that the cost for the permit be in the amount of \$250.

Ms. Molloy-Previsich stated that should the Council wish to make it a requirement that all residential parcels with livestock have to establish a fence/corral 50-100 foot from all property lines; the Council could adopt Ordinance No. 1714. However, if the Council wishes to consider the alternative approach, it could introduce the alternate ordinance, subject to modifications as deemed appropriate.

Mayor Kennedy opened the public hearing.

Frank Dutro inquired whether this would be a one time fee or a yearly fee.

Mayor Kennedy responded that this would be a one time fee. He clarified that approval of the permit would be determined by Planning staff. However, staff's decision could be appealed to the Planning Commission.

Ms. Molloy-Previsich indicated that the ordinance has been drafted to establish the Planning Commission as the final decision making body.

City Attorney Siegel said that technically, the Planning Commission can be the final decision making body, on appeal. He said that this is not generally done because if there is litigation, the appeal would go directly from the Planning Commission to court without the City Council ever having a chance to review the issue. He said that it is not a requirement that an appeal come before the Council. However, in almost every instance that he is aware of, there is a second appeal to the City Council, if needed, because of the issue that the appeal may end up in superior court. As the Council controls the budget and City Attorney's office, it places the Council in a difficult situation of never having to have a public hearing on an issue that may end up on court. He felt that in a situation like this, it may be unlikely that there would be many appeals at the planning commission level and few appeals to the City Council and very unlikely that the matter would end up in court. However, if there is an issue of great concern, it would make sense to have the Council hear the appeal. He clarified that the applicant, as well as the neighbors, would have a right to appeal.

No further comments being offered, the public hearing was closed.

Council Member Tate stated that he appreciates the fact that flexibility has been incorporated into the alternate ordinance and recommended that the final appeal to the City Council be incorporated into the ordinance.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council/Agency Member Carr, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1721, New Series.*

Council Member Sellers applauded staff for making the extra effort to come up with a solution. He stated that he was disappointed that this item was referred to the Planning Commission and that they should have had a bigger role in arriving at a resolution. He was not sure where the failure came in (e.g., the Council did not give the Commission clear direction, or that the Commission did not get into the issue as much as the Council would have liked). He was pleased to see that after a lot of effort, on the part of the Council and staff, that staff was able to work out a resolution. He recommended that the Council be clear with future issues that are referred to the Planning Commission or be more specific in the Council's direction.

Action: *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Tate, the City Council **Introduced** Ordinance No. 1721, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING TEXT AMENDMENTS TO CHAPTER 6.36 (ANIMALS AND LAND USE) OF TITLE 6 (ANIMALS) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL (ZA-04-22: CITY OF MORGAN HILL-ACREAGE REQUIRED FOR ANIMALS, AND REQUIREMENT FOR RESIDENTIAL PRIVATE LIVESTOCK PERMIT)**, including a modification that would stipulate a final appeal to*

the City Council, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Took No Action** on Ordinance No. 1714, New Series.*

City Council Action

OTHER BUSINESS:

23. AWARD CONTRACT FOR CONSTRUCTION OF INDOOR RECREATION CENTER (IRC) AND APPROVE CONSULTANT AGREEMENTS FOR PROFESSIONAL SERVICES

Action: *Item **pulled** by staff.*

City Council and Redevelopment Agency Action

OTHER BUSINESS:

24. DISPOSITION OF ACTON MUSEUM

Director of Business Assistance and Housing Services Toy presented the staff report, indicating that this item pertains to the Acton Museum currently sitting on the civic center site. He stated that the Acton Museum will need to be relocated as part of the development of the new library. Staff is seeking direction from the Agency on five options developed. He informed the Council/Agency Board that the preferred option is option 5. This option would relocate the Acton Museum to the Villa Mira Monte site. He informed the Council/Agency Board that the Historical Society has indicated that they are willing to accept the structure as long as there is no out of pocket cost to them. He said that it was initially estimated that it would cost \$1 million to move the Museum on to the Villa Mira Monte site as well as to install the required and desired on site improvements. Since that time, the Historical Society has been working with Community Development staff to identify options. It is felt that the building could be moved on site with minimal on site improvements within the \$350,000 RDA funding allocated for this project. He informed the Council/Agency Board that staff is still working on cost estimates and the details on how everything would work. Further, staff is trying to find out if there is any interest from anyone willing to purchase the Museum.

In response to Council/Agency Member Carr's question, Mr. Toy did not believe that there was any commercial value as opposed to option 3, selling the Museum as a market rate unit. He indicated that the internal unit has an obsolete floor plan and would require a lot of work to take place. Therefore, it would not be useful as a commercial building.

Mayor/Chairman Kennedy opened the floor to public comment.

Gloria Pariseau, representing the Morgan Hill Historical Society, informed the Council that the Historical Society has tried to resolve the issue in order to receive the Action Museum at the Morgan Hill House property. She indicated that the Historical Society would like to move the Museum to the Morgan Hill House property site and not lose the Museum as it is too important. She stated that the Historical Society would like to sit down and work with staff on bringing some of the costs down in order to receive the Museum, remaining within the \$350,000 budget. If a situation arises where it is found that the costs were exceeding the budget, she requested Council commitment to direct staff to assist the Historical Society in working toward other funding sources; including grant applications.

Mayor/Chairman Kennedy stated that he read that the cost of moving the building was high.

Ms. Pariseau said that originally, the museum was going to be located in an area behind the Morgan Hill House as the Historical Society did not want to block or infringe upon the Morgan Hill House. It has since been discovered that if the building is moved forward, site improvement costs can be reduced without intruding on the face of the Morgan Hill House. She said that there is discussion about locating the Museum along the northern property line; closer to Monterey Road. She stated that the Historical Society will be going back to their civil engineer; working with them on a site layout of the Museum building. This will afford staff the opportunity to review the site layout prior to approval.

No further comments were offered.

Council/Agency Member Sellers stated that he was pleased to hear that there is a possibility of saving this building. He stated that he would like to pursue option 5 as the Historical Society has expressed a desire to focus on this option. If option 5 is not possible, and no funding/grants are available, he would prefer having the item return to the Council for final resolution to review the other options. Should the Museum move toward option 2, the City may receive comments about the Council not being able to resolve/preserve the building. He felt that it would be appropriate for the Council/Redevelopment Agency members to hear back from staff before moving with any other options. He was confident that there would be an opportunity to resolve the matter in a positive way.

Council/Agency Member Grzan felt that the City should make every effort to preserve the Museum building as it has significant importance to the community. He felt that Morgan Hill has a number of resources and that anytime there is an opportunity to restore and preserve, the City should take this opportunity. He stated that moving the Museum to the Villa Mira Monte site would be his preference, encouraging and offering to assist in fundraising efforts. He felt that the site could be further developed as a historical preservation facility for all the potential resources in Morgan Hill. He encouraged support of option 5 and providing the assistance necessary to apply for grants and other resources to make sure that the building is preserved and kept within Morgan Hill.

Mayor/Chairman Kennedy noted that staff is recommending options to 2 and 5 be authorized to proceed concurrently. He inquired as to the rationale for this recommendation.

Mr. Toy said that the rationale for the recommendation was that of timing, noting that the Museum needs to be moved by August 2005. If the City pursued option 2, it does not necessarily mean that the City would sell the house. Staff would merely determine whether there was an interest for the purchase of the house. Staff would return to the Council for a determination.

Action: *Council/Agency Member Sellers made a motion, seconded by Mayor Pro Tempore/Vice-chairman Tate, **to pursue** option 5.*

City Manager/Executive Director Tewes requested that the motion include a specific timeframe where staff is to return should resolution not be achieved (e.g., 60 days). He stated that if a solution is not found, it would result in slowing down a project that the Council/Agency Board have requested be accelerated.

Council/Agency Member Sellers supported a check in within 60 days.

Ms. Pariseau stated that it was her belief that 60 days would allow enough time to resolve issues/costs associated with the relocation of the Museum building to the Villa Mira Monte site.

Council/Agency Member Sellers recommended that staff return to the Council/Agency Board in 60 days if resolution has not been reached. At that time, the Council/Agency Board can review other options.

Mayor Pro Tempore/Vice Chairman Tate said that he was nervous about a 60 day determination as to whether the building can be moved for \$350,000. He noted that an estimate exists that states that it would take \$1 million to relocate the Museum building and that it is being stated that the Museum could be moved for \$350,000. He felt that the City is highly subject to the fact that it may cost more than \$350,000 to move the building and that there has been no discussion about looking at alternatives for fundraising or other means to make up the difference. He felt that the City would have to supplement funding (e.g., fundraising efforts) to relocate the Museum building.

Action: *Council/Agency Member Sellers amended his motion to stipulate that this item is to return to the Council in 60 days if resolution has not been reached, and that costs be determined.*

Ms. Pariseau said that originally, when the \$1 million+ cost estimate was discussed, there was discussion about placing other structures on the Morgan Hill House site. There was also discussion about the possibility of including an auxiliary building. Therefore, there would be a tremendous amount of site work proposed to deal with drainage issues, installation of parking lot, lighting, etc. She felt that it may be feasible to bring the costs under \$350,000 for one building. She included her fundraising/grant assistance comments just in case the Historical Society needed help. She stated that the Morgan Hill House property is a nationally registered site. She felt that the relocation of the building can be accomplished within the \$350,000 budget and felt that the building was too important to lose.

Action: *Mayor Pro Tempore/Vice-chairman Tate **concurred** with the amendment to the motion as offered.*

Council/Agency Member Grzan said that he did not want to see the Council/Agency Board rush another project to construction that may destroy this historical building.

Vote *The motion carried unanimously (5-0).*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

- Reconsideration of Budget Workshop and the Indoor Recreation Center groundbreaking dates (Kennedy)
- Discussion of the City of Morgan Hill Employee Survey results (Grzan)

CONTINUED CLOSED SESSION

Acting City Attorney/Agency Counsel Siegel announced the closed session items as listed on the agenda.

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 8:08 P.M.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 9:39 P.M.

CLOSED SESSION ANNOUNCEMENT

Mayor/Chairman Kennedy announced that authority was given to retain the services of outside counsel relating to closed session item 2: *City of Morgan Hill v. Howard Vierra*.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 8:40 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: *April 20, 2005*

MARCH 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of March 2005. The report covers activity for the nine eight months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 17

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

March 31, 2005 – 75% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF MARCH 2005 - 75% OF YEAR COMPLETE

Revenues

Through March 31, the Redevelopment Agency received \$10,655,069, or 48% of the budget, in property tax increment revenues. The Redevelopment Agency, as of March 31, 2005, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$92,451,746, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$612,585 in interest earnings and other income was received through March 31. Additional interest earnings for January, February, and March have not yet been apportioned, but will be apportioned in April 2005 following the quarter ended March 31.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$8,060,792 and were 37% of budget. Of this total, \$2,360,554 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 26% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 62% of budget. Through March 2005, CIP project expenditures totaled \$3,169,678, including \$300,517 for Tennant Avenue Widening, \$915,019 for the Indoor Recreation Center, \$531,338 for the Aquatics Center, and \$367,478 for 2003/04 Street Resurfacing.

Expenditures plus encumbrances for Housing were at 40% of the budget for a total of \$2,612,639.

All of the 2004/05 Housing redevelopment expenditures have been funded with tax increment collected under the plan amendment.

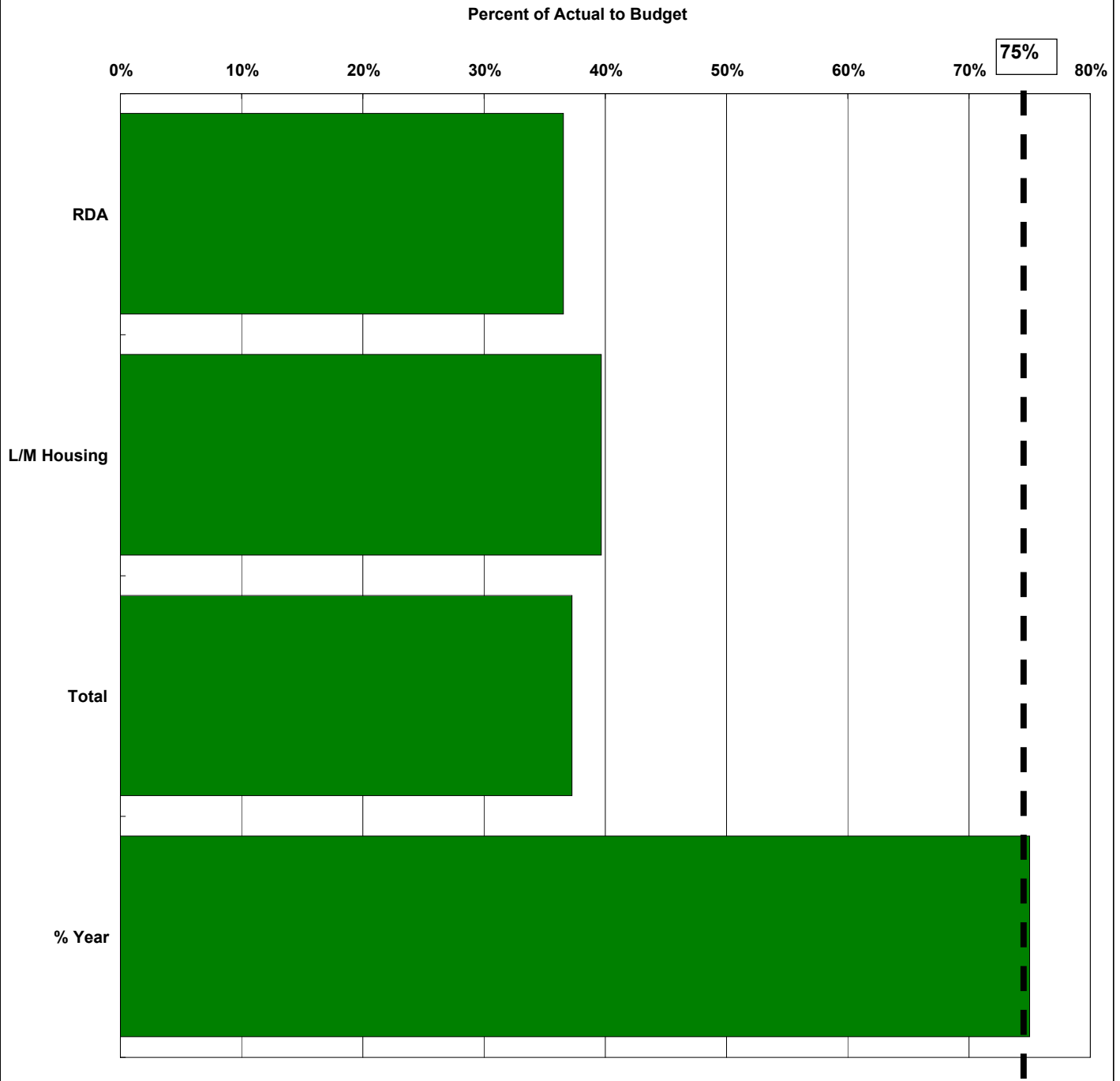
Fund Balance

The unreserved fund balance of \$4,480,931 for the Capital Projects Fund at March 31, 2005, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$1.75 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the \$4,480,931, the remaining unreserved fund balance at March 31 would be \$1,120,931. However, these commitments are expected to be paid out over the next several years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at March 31 was \$7,560,397.

The unreserved fund balance of \$6,778,552 for the Housing Fund at March 31 consisted of funds all collected under the plan amendment.



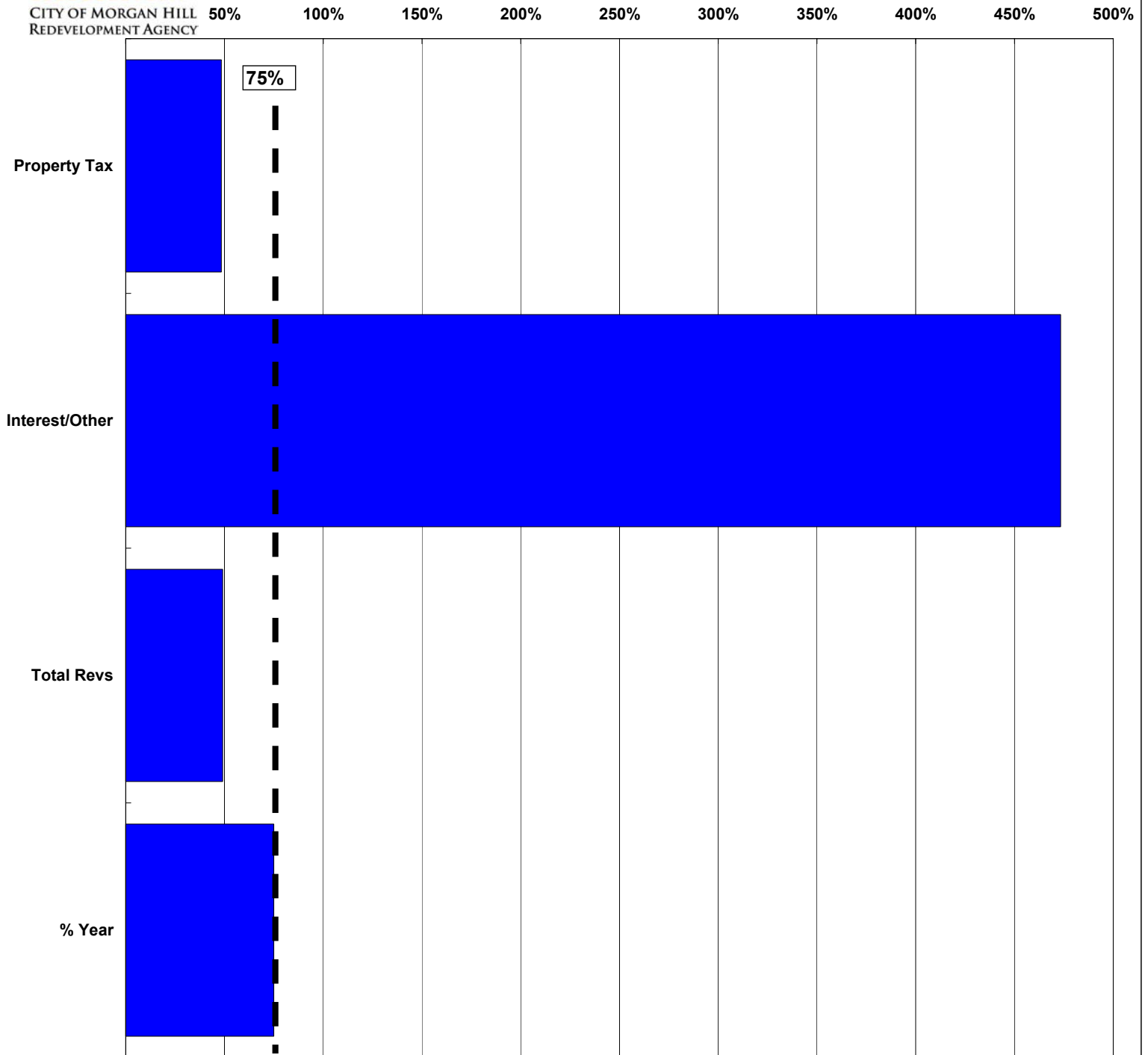
Redevelopment Agency YTD Expenditures



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$22,066,158	\$8,060,792	37%
HOUSING	6,589,093	2,612,639	40%
TOTALS	\$28,655,251	\$10,673,431	37%



Redevelopment Agency YTD Revenues



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$22,017,627	\$10,655,069	48%	\$11,761,840	-9%
INTEREST INCOME/RENTS/OTHER	\$129,408	\$612,585	473%	\$372,820	64%
TOTALS	\$22,926,011	\$11,267,654	49%	\$12,134,660	-7%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2004/05
 For the Month of March 2005
 75% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-04	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$3,864,214	8,748,558	48%	5,700,238	26%	3,048,320	2,431,603	4,480,931	\$7,560,397	
327/328	HOUSING	\$6,872,096	2,519,096	52%	2,550,308	39%	(31,212)	62,331	\$6,778,552	\$7,096,122	
TOTAL CAPITAL PROJECT FUNDS		\$10,736,310	11,267,654	49%	8,250,546	29%	3,017,108	2,493,934	11,259,483	14,656,519	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$10,736,310	11,267,654	49%	8,250,546	29%	3,017,108	2,493,934	11,259,483	14,656,519	
TOTAL ALL GROUPS		\$10,736,310	11,267,654	49%	8,250,546	29%	3,017,108	2,493,934	11,259,483	14,656,519	
TOTAL CASH AND INVESTMENTS										14,656,519	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,048,868	17,280,277	8,292,646	48%	9,034,195	(741,549)	-8%
Development Agreements			-	n/a	-	-	n/a
Interest Income, Rents	17,031	17,031	121,383	713%	122,746	(1,363)	-1%
Other Agencies/Current Charges	-	778,976	334,529	n/a	164,867	169,662	103%
TOTAL CAPITAL PROJECTS	17,065,899	18,076,284	8,748,558	48%	9,321,808	(573,250)	-6%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	2,362,423	50%	2,727,645	(365,222)	-13%
Interest Income, Rent	112,277	112,277	155,492	138%	84,084	71,408	85%
Other	100	100	1,181	1181%	1,123	58	5%
TOTAL HOUSING	4,849,727	4,849,727	2,519,096	52%	2,812,852	(293,756)	-10%
TOTAL CAPITAL PROJECTS FUNDS	21,915,626	22,926,011	11,267,654	49%	12,134,660	(867,006)	-7%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	100,931	1,545,675	1,596,269	921,742	74,595	996,337	62%
	BAHS Economic Development	34,578	3,125,435	4,306,439	1,608,818	238,302	1,847,120	43%
	BAHS CIP	<u>99,572</u>	<u>8,782,152</u>	<u>16,163,450</u>	<u>3,169,678</u>	<u>2,047,657</u>	<u>5,217,335</u>	<u>32%</u>
	TOTAL CAPITAL PROJECTS	<u>235,081</u>	<u>13,453,262</u>	<u>22,066,158</u>	<u>5,700,238</u>	<u>2,360,554</u>	<u>8,060,792</u>	<u>37%</u>
327 AND 328 HOUSING								
	Housing	<u>285,804</u>	<u>5,824,189</u>	<u>6,589,093</u>	<u>2,550,308</u>	<u>62,331</u>	<u>2,612,639</u>	<u>40%</u>
	TOTAL HOUSING	<u>285,804</u>	<u>5,824,189</u>	<u>6,589,093</u>	<u>2,550,308</u>	<u>62,331</u>	<u>2,612,639</u>	<u>40%</u>
	TOTAL CAPITAL PROJECT FUND	520,885	19,277,451	28,655,251	8,250,546	2,422,885	10,673,431	37%



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2004/05
For the Month of March 2005
75% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	7,560,397	7,096,122
Accounts Receivable	24,599	32,959
Loans Receivable ¹	3,596,037	28,263,226
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	11,252,082	35,392,307
LIABILITIES		
Accounts Payable and Accrued Liabilities	713,829	21,300
Deferred Revenue ³	3,625,719	28,530,124
Accrued Vacation and Comp Time		
Total liabilities	4,339,548	28,551,424
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	2,360,554	62,331
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable		
Total Reserved Fund balance	2,431,603	62,331
Unreserved Fund Balance	4,480,931	6,778,552
Total Fund Balance	6,912,534	6,840,883
Total Liabilities and Fund Balance	11,252,082	35,392,307

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: April 20, 2005

THIRD QUARTER REPORT FROM THE CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT PARTNERSHIP

RECOMMENDED ACTION(S): Accept the report and authorize the Executive Director to amend the agreement as necessary to allow for monthly invoicing of services.

Agenda Item # 18

Prepared By:

BAHS Director

Submitted By:

Executive Director

EXECUTIVE SUMMARY:

In December 2005, the Agency approved an agreement with the Chamber of Commerce (Chamber) to provide economic development services per its Economic Development Marketing Plan (Plan).

The key services under the FY04-05 Plan are as follows:

- Continue implementation of business retention and attraction program
- Retain marketing consultant to develop and implement marketing/public relations/advertising strategy
- Retain public relations firm, as needed, to handle "external" public relations
- Develop and implement advertising campaign such as the "Shop in Morgan Hill" campaign
- Prepare and develop collateral marketing materials
- Plan and coordinate economic development related events (e.g., "business appreciation lunch")
- Maintain real estate property database on website
- Coordinate activities with the Morgan Hill Downtown Association
- Work with the tourism advisory committee and market/advertise special events

Attached is the Chamber's third quarter report. They also are requesting that the agreement be amended to allow the Chamber to bill for services on a monthly basis. The Chamber would then provide monthly reports on their progress, but the performance metrics would be submitted on a quarterly basis. We would prefer to track the performance metrics on a quarterly basis because of how the data is compiled for some of the data. We would request that the monthly reports also be summarized on a quarterly basis. Staff would continue to provide the quarterly reports to the Agency for acceptance.

FISCAL IMPACT: The Agency has an agreement for \$120,000 with the Morgan Hill Chamber of Commerce to provide supplemental economic development activities. To date, we have reimbursed the Chamber about \$35,000 for services. They are requesting about \$45,000 for third quarter activities.



REDEVELOPMENT AGENCY

MEETING DATE: *April 20, 2005*

Agenda Item #19

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

Executive Director

CASA DIANA MIXED-USE PROJECT - LAND ACQUISITION AND MASTER PLANNING LOAN

RECOMMENDED ACTION(S): Authorize the Executive Director to do everything necessary and appropriate to negotiate, execute and implement a loan agreement with EAH, Inc., subject to legal review, for a loan of up to \$2,165,000 for EAH to acquire two parcels of the Casa Diana housing commercial mixed-use project, and to master plan the entire area.

EXECUTIVE SUMMARY: On February 23, 2005, the Redevelopment Agency (Agency) approved a \$50,000 predevelopment loan with EAH, Inc. to reimburse them for a purchase deposit for two parcels totaling 2.8 acres located between E. Dunne and Diana Avenues, at the terminus of Railroad Avenue (the "Site") for a proposed (rental and ownership) housing and commercial mixed-use project. The understanding was that the land acquisition loan would come back to the Agency for approval. The Site is part of a larger 7.5-acre Planned Unit Development (PUD) area. In order to develop the Site, EAH will be responsible to prepare a master plan for the entire PUD area.

This is an important site in the City as it is immediately adjacent to the Morgan Hill Courthouse, currently under construction, and in close proximity to the Cal-Train station and the Downtown. The master plan requirement ensures that the project and future developments within the PUD area present a cohesive design that includes commercial uses and integrates Mama Mia's Restaurant. The master plan will specify the number and type of for-sale and rental housing units and the amount of commercial space for the PUD area. The proposed uses and design will be compatible with the Downtown Plan. EAH is exploring the possibility of purchasing other sites within the PUD as such parcels would allow greater flexibility in the master planning process.

The next steps in the project are for EAH to complete the acquisition of the Site, and to work with an architect to prepare the master plan for the PUD. To accomplish this, EAH is now seeking a loan of \$2,165,000 for the land acquisition. This includes \$115,000 for escrow related, master plan and other pre-development costs. The \$50,000 predevelopment loan will be incorporated into this larger loan. The loan will be deferred and interest free. It will either be due or converted into construction and permanent financing, by June 30, 2008, or the start of construction, whichever occurs first. The loan will allow EAH to close escrow on the properties in May, and provide adequate time for the Agency and EAH to master plan the PUD area.

In the event EAH and the Agency are unable to agree on the development plan for the site, the loan will include provisions granting the Agency assignment rights to project. These rights include but are not limited to: transfer of the undeveloped property, site studies, drawings and plans, either in progress or completed as part of the development and master planning processes. The Agency can exercise this right in return for forgiving the loan. In addition, EAH will be allowed to recover its out of pocket costs not already covered by the loan. We anticipate returning to the Agency for final funding requests and project approval after the master plan is completed in August. This arrangement will give the Agency the ability to control the future development of the site, if necessary.

FISCAL IMPACT: There are sufficient housing funds (327) in the BAHS FY04-05 budget for the \$2,165,000 acquisition loan.



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item #20

Prepared By:

BAHS Director

Submitted By:

Executive Director

AGREEMENT WITH RICHARDS, WATSON & GERSHON

RECOMMENDED ACTION(S): Authorize the Executive Director to do everything necessary to prepare and execute an agreement with Richards, Watson, & Gershon (RWG), in an amount not to exceed \$35,000, for services associated with evaluating the feasibility of amending the Redevelopment Plan.

EXECUTIVE SUMMARY:

One of the Council's adopted goals for 2005 is to receive a report by November 2005 "on options for amending the redevelopment plan including consideration of the 'tax increment cap' and implementation strategies for addressing remaining blight." Under this agreement, RWG, who is our special Agency counsel, will render legal advice and engage the services of the Rosenow Spevacek Group Inc. (RSG) to evaluate the feasibility of amending the current Redevelopment Plan. The feasibility study will address the following issues:

- Evaluation of remaining blight in the project area and projects needed to eliminate the blight
- Evaluation of adding or deleting specific areas from the project area
- Advantages/disadvantages of reauthorizing the ability to issue bonds
- Advantages/disadvantages of reauthorizing the power of eminent domain for selected commercial properties
- Need for a project area committee
- Estimated costs for a plan amendment

RWG anticipates being able to complete the feasibility study within 120 days of the initial scoping meeting.

FISCAL IMPACT: Sufficient funds exist with the BAHS FY04-05 budget to fund this activity (funds 317 and 327).



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item # 21

Prepared By:

BAHS Director

Submitted By:

Executive Director

HOUSING TRUST OF SANTA CLARA COUNTY

RECOMMENDED ACTION(S): Authorize the Executive Director to do everything necessary to prepare and execute the required agreements with the Housing Trust of Santa Clara County (HTSCC) to commit \$200,000 in Agency 20% housing set aside funds to the HTSCC over a three year period.

EXECUTIVE SUMMARY:

Four years ago, the Redevelopment Agency (Agency) contributed \$200,000 to HTSCC for its homebuyer, multi-family, and/or homeless/special needs housing programs. The funds could only be used to assist developments in Morgan Hill. Since that time, the HTSCC has provided a total of \$281,548 in loans to 42 first-time home buyers in Morgan Hill. HTSCC has also provided a \$592,500 loan to First Community Housing for its 100 unit Murphy Ranch affordable housing development on Dunne Ave. and Butterfield Blvd. The Agency contribution of \$200,000 leveraged an additional \$674,000 in HTSCC funds (3:1 ratio), all of which benefited Morgan Hill residents.

The HTSCC is now embarking on a new fund raising campaign and is requesting additional funding commitments from cities (see attached letter). HTSCC is requesting a pledge of \$100,000 each year for the next three years from Morgan Hill. HTSCC indicates that several private sector employers such as Cisco Systems have already stepped forward with pledges. We are recommending that the Agency commit \$200,000 over the next three years: \$65,000 for FY05-06, \$65,000 for FY06-07, and \$70,000 for FY07-08. This would be consistent with the Agency's contribution of \$200,000 in previous years. The Agency's Affordable Housing Strategy (Strategy) did not anticipate providing additional funding to the HTSCC, but the future activities funded by the HTSCC would most likely be compatible with the objectives of the Strategy. It is also highly probable that the Agency's funds would also leverage more funding from the HTSCC. The same use restrictions would apply to these funds as to the initial \$200,000 contribution in that any future repayment of funds contributed could only be used to assist projects/programs which directly benefit Morgan Hill residents.

FISCAL IMPACT: The initial \$200,000 was funded using Agency 20% housing set aside funds. Sufficient 20% housing set aside funds are available over the next three years to fund this activity. We would recommend that the Agency budget the appropriate amount each fiscal year within the BAHS housing division budget (Fund 327). The allocation would then be approved and distributed upon the Agency's approval of each fiscal year budget.



REDEVELOPMENT AGENCY

MEETING DATE: *April 20, 2005*

Agenda Item # 22

Prepared By:

Hsng. Prog. Coordinator

Approved By:

BAHS Director

Submitted By:

Executive Director

HABITAT FOR HUMANITY – HOUSING PROJECT

RECOMMENDED ACTION(S): Authorize Executive Director to execute any/all documents necessary, subject to legal counsel review, to grant to Silicon Valley Habitat for Humanity (Habitat), an amount not to exceed \$560,000, for the construction of a six-unit affordable ownership housing project.

EXECUTIVE SUMMARY: In February 2005, the Agency conceptually approved a grant to Silicon Valley Habitat for Humanity so that Habitat could pursue its acquisition of the property. At that time, staff indicated we would bring the loan documents back to the Agency for approval in April. The site for this six-unit project is a .54 acre parcel located on Cory Drive and San Luis Way (See Map). Originally, this six-unit project was part of a larger 37-unit project approved in 1991. However, the developer only completed construction on 31 of the units in 1997 and failed to construct the last six dwellings. The last 6 homes included 4 affordable rentals and 2 open market homes. Under Measure P/C, there is an allocation for partially completed projects. This project has six allocations for 2004/2005.

Silicon Valley Habitat for Humanity (Habitat) proposes to construct six (6) affordable ownership units on the site for very low income households (four person households earning up to \$53,050). Habitat has built similar units in Silicon Valley. The funds from the Redevelopment Agency are to be utilized to pay for the purchase of land, pay for fees such as city impact fees, escrow, legal, and professional services such as architectural and engineering. Habitat typically covers the cost of construction through a combination of donated labor and fundraising; however, all other costs will require assistance from the Agency.

The key grant terms are as follows:

- Deed Restrictions – Homes will be restricted for a 45-year period
- Option to Purchase – Habitat has Option during 1st 30 years; Agency for subsequent 15 years.
- Option Price – Based on amount equal to the sum of monthly principal payments made by owner.
- Preference – Buyer selection will give preference to 1st time homebuyers who live or work in Morgan Hill.

FISCAL IMPACT: Monies for the grant are available in the FY 04-05 BAHS Housing budget (327).



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

WATER CONSERVATION SUBMETERING ORDINANCE

RECOMMENDED ACTION(S):

1. Open/close Public Hearing
2. Waive the First and Second Reading of Ordinance
3. Introduce Ordinance

EXECUTIVE SUMMARY: The City's water supplies are limited and efforts are needed to ensure that City policies, practices, and requirements encourage the efficient use of water. National research has shown that multifamily dwellings that have their own water meter use, on average, 15% less water than multifamily dwellings that do not have their own water meter. Because of the substantial savings this represents, staff included the development of a submetering ordinance in the Water Conservation Workplan adopted by the City Council on September 1, 2004.

The proposed ordinance will require that all new multifamily dwellings have their own water meter. This reflects the current practice and trend for multifamily development in Morgan Hill as most of the market rate apartments built in the last decade have been constructed with individual water meters. Staff has discussed the proposed ordinance with the primary developer of below market rate housing in Morgan Hill, South County Housing, and has specifically prepared the ordinance to address their concerns. In their experience, there are times when the specific layout of a site does not easily facilitate the installation of City-standard water meters. On these occasions, the proposed ordinance provides for internal submeters that the owner of a development must read and use to apportion the total site's water costs to each unit. Staff believes that this option will be rarely used, but including it provides needed flexibility.

Staff recommends that the proposed ordinance be introduced in order to encourage the efficient use of water by multifamily residents.

FISCAL IMPACT: No budget adjustment is requested at this time.

Agenda Item # 24

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager

ORDINANCE NO. XXXX, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING CHAPTER 13.04 (WATER SYSTEM) OF TITLE 13 (PUBLIC SERVICES) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING WATER METERS FOR MULTI-UNIT DWELLINGS

WHEREAS, the City of Morgan Hill recognizes that there is a limited supply of water available to serve the residents and businesses of Morgan Hill; and,

WHEREAS, the City of Morgan Hill wishes to encourage the efficient use of water in order to optimize the use of the limited supply; and,

WHEREAS, independent research has concluded that residents of multi-family units that pay for their own water use an average of 15% less water;

WHEREAS, a necessary first step in getting multi-family residents to pay for their own water is to require the installation of dedicated water meters for each separate unit.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AND ENACT AS FOLLOWS:

Section 1. Section 13.04.130 of Chapter 13.28 (Water Services) of Title 13 (Public Services) of the Municipal Code of the City of Morgan Hill is hereby amended to read as follows:

13.04.130 Meters – Required - Installation

- A. All customers of the municipal water supply system must have a water meter properly installed to accurately measure the amount of water consumed in any period of time. The city shall furnish the required meters and installation shall be made by employees of the city; provided, however, that the reasonable cost of the meter and installation shall be charged to the customer.
- B. For the purposes of this Section, “all customers” is defined to include both residential and commercial customers.
 - 1. Residential customers include any and all residential developments including, but not limited to, single family homes, townhomes, condominiums, mobile home parks, each unit of multiunit residential developments, and each residential unit of mixed-use developments.
 - 2. Commercial customers include any single nonresidential building, any landscape only account, and any segment or portion of a nonresidential building that can be individually owned.
 - 3. The following types of customers are exempt from the requirements of this ordinance if they have already been constructed or have received a building permit prior to June 1, 2005: Townhomes, condominiums, mobile home parks, each unit of multiunit

residential developments, each unit of mixed-use developments, and any segment or portion of a nonresidential building that can be individually owned.

- C. The owner of a multiunit residential development or a mixed-use development that includes habitable dwellings, may, upon compliance with the following, install separate submeters to each residential unit in lieu of installing separate meters directly to the municipal water system.
1. The owner must obtain a permit from the Public Works Department for the submeter system.
 2. Any submeters shall accurately and completely measure all water consumed from the municipal water system.
 3. The owner shall agree to charge the tenant of each unit a water utility charge strictly based on the consumption by the occupants of the unit.
 4. Installation, maintenance, and monitoring of the submeter system shall be the responsibility of the owner, and in no circumstances shall the City be responsible therefore.
 5. If any water conservation plan is implemented or imposed by the City, the owner shall be responsible for complying with any reductions required by such plan as measured by consumption on the meter(s) directly connected to the municipal water system.

Failure to abide by the above conditions, and/or any other conditions the City may impose, may result in revocation of any permit issued and/or other action as authorized by law.

Section 2. **Severability.** Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 3. **Effective Date; Posting.** This ordinance shall take effect thirty (30) days after its second reading. This ordinance shall be posted at City Hall.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 20th Day of April 2005, and was finally adopted at a regular meeting of said Council on the Day of May 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of May 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

SOLID WASTE MANAGEMENT RATE ADJUSTMENT

RECOMMENDED ACTION(S):

1. Open/Close the Public Hearing
2. Approve the Refuse Rate Resolution

EXECUTIVE SUMMARY: The City Council approved the fifth amendment to the City's franchise agreement for solid waste management services in December, 1998. One of the provisions of this amendment is that future service rates will be based upon changes in the Consumer Price Index. South Valley's rate application, Attachment 1, follows the formula prescribed in the franchise amendment. The total rate adjustment requested is 1.61%. This rate adjustment will increase the maximum allowed charge for basic residential service rate of \$21.12 by 34¢ per month.

Attachment 1 also lists all of the City's current solid waste rates and what the maximum rates will be with these adjustments. The maximum permitted monthly charge for flatland customers will be \$21.46 and the maximum permitted monthly charge for hillside customers will be \$23.38. If the rate adjustment is approved, South Valley will work with the City in designing a billing insert for their quarterly bills that clearly explains the adjustment methodology.

In addition, staff has been negotiating with South Valley for a mix of additional services to be provided to the community effective later this year. Staff anticipates bringing this issue to the Utilities and Environment Subcommittee in the coming month. Since these changes impact the rates, it is possible that the rates presented in this item will never be realized by the public. Nonetheless, since it is not certain that the proposed changes will be adopted, the City must proceed with processing South Valley's request in order to honor our contractual commitments.

The Utilities and Environment Subcommittee considered this item on March 21 and recommended approval.

FISCAL IMPACT: If the rate application is approved, the City's annual franchise fee revenues will go up by 1.61% or approximately \$15,000.

Agenda Item #25

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MORGAN HILL APPROVING AN
ADJUSTMENT IN SOLID WASTE COLLECTION
RATES**

WHEREAS, The City of Morgan Hill has approved the Fifth Amendment to the Solid Waste Franchise that establishes a rate setting methodology; and

WHEREAS, South Valley Disposal and Recycling has submitted an application for a rate adjustment that substantially complies with the methodology in the Amendment; and

WHEREAS, the cost of living, as indicated by the consumer price index, has increased during the past year causing an increase in the cost of providing service; and

WHEREAS, required contributions to landfill-related trust funds have remained low; and

WHEREAS, South Valley Disposal and Recycling has agreed to provide an educational insert in their next garbage billing explaining the rate adjustment process;

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill authorizes South Valley Disposal and Recycling to adjust their rates up to the maximum levels listed on Attachment 1.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 20th Day of April, 2005 by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

🍷 CERTIFICATION 🍷

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Regular Meeting held on April 20, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL/REDEVELOPMENT

AGENCY STAFF REPORT

MEETING DATE: April 20, 2005

REQUEST FOR SPONSORSHIP OF THE 26TH ANNUAL MORGAN HILL MUSHROOM MARDI GRAS EVENT

RECOMMENDED ACTION(S): Consider request by Morgan Hill Mushroom Mardi Gras for \$10,000 Sponsorship of the 26th Annual Mushroom Mardi Gras Event.

EXECUTIVE SUMMARY:

The Council considered a request by Sunday Minnich, the 2005 Event Coordinator for the 26th Annual Morgan Hill Mushroom Mardi Gras event, for City sponsorship at the meeting of March 23, 2005. The Mushroom Mardi Gras event is scheduled to take place on Saturday and Sunday, May 28 and May 29, 2005. Ms. Minnich is requesting that the City of Morgan Hill partner and sponsor this year's event. In the letter to the Council dated March 14, 2005 (attached), Ms. Minnich is requesting that the City of Morgan Hill appropriate \$10,000 in sponsorship fees to assist with permit and city service fees and for the general costs associated with putting this event together.

Ms. Minnich noted that the festival has been moved to the downtown due to extenuating circumstances at Community Park and that because the festival would be free to the public, there is less opportunity for income generation. She indicated that in order to continue the educational scholarship program and continue the fundraising/donations provided to non profit organizations in Morgan Hill, the festival needs additional support from the City and community to assist with the costs associated with this event.

At the March 23 meeting, the Council continued the request for City sponsorship in order to allow staff to work with the Independence Day, Inc. organization to determine their financial and in kind needs. Further, that staff return with possible funding options for IDI and the Mushroom Mardi Gras organizations.

Staff will note that a report has been prepared by Police Department staff who has been working with IDI representatives to ascertain their City financial assistance. A recommendation for funding IDI's Fourth of July Festivities is addressed under a separate staff report.

Mushroom Mardi Gras currently has both a scholarship account and a separate operations account. Based on the available balances, it appears that Mushroom Mardi Gras has sufficient resources to pay the permit and City staff costs in the event the Council does not provide sponsorship.

FISCAL IMPACT: There is approximately \$11,000 dollars available in the Community Promotions' budget (010-42248-1220) that has been set aside largely for IDI's Fourth of July activities. The City of Morgan Hill has not provided funding for the Mushroom Mardi Gras event in past years. Should the Council wish to be a sponsor this event; the Council could consider two possible funding sources: 1) General Fund Reserves; and 2) Redevelopment Agency Economic Development Funds.

Agenda Item # 27

Prepared By:

Council Services &
Records Manager

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

Agenda Item # 28

Prepared By:

**Mayor Kennedy
Mayor Pro Tem Tate**

Submitted By:

**J. Edward Tewes
City Manager**

**Helene Leichter
City Attorney**

ADOPTION OF ETHICS POLICY FOR COUNCIL, COMMISSIONERS, BOARD MEMBERS, AND COMMITTEE MEMBERS

RECOMMENDED ACTION(S):

1. Adopt Ethics Policy.
2. Direct Staff to distribute Policy to all Commissioners, Board Members, and Committee Members, solicit input, and report back to Council.
3. Consider input from members of Boards, Commissions and Committees; and whether Ethics Policy should be revised.
4. Following City Council approval of the finalized version of the Ethics Policy, Direct staff to provide training on the Ethics Policy to all Commissioners, Board Members and Committee Members.

EXECUTIVE SUMMARY:

In late 2003, the City Council embarked on a process to revise and update the City's Ethics Policy. The Council appointed a subcommittee of Mayor Kennedy and Mayor Pro Tem Tate, who, working with the City Manager and City Attorney, convened a task force of interested commissioners and committee members from various City groups to assist in updating the Policy.

The Task Force met six times in 2004, discussing various public sector ethical values, and what behavior illustrated those values. In the course of its work, the Task Force reviewed other ethics policies and source material from the League of California Cities.

The Task Force has issued the attached draft Ethics Policy, which it believes sets forth the ethical standards Morgan Hill citizens should expect from their officials, and that officials should expect of themselves and their colleagues. In addition, for convenience, we have included a copy of a matrix prepared by the committee.

The Task Force recommends that the Council approve the draft Policy, and direct staff to distribute the Policy to all Commissioners, Board Members, and Committee Members. Staff further recommends that input be gathered from the Commissioners and Committee Members, and provided to the Council at a future meeting. The Council may then determine what revisions, if any, to make to the Policy. As a final step, staff recommends that after consideration of such input and any revisions to the Policy, staff be directed to provide training to all Commissioners, Board Members and Committee Members on the Ethics Policy.

FISCAL IMPACT:

No budget adjustment required. Staff time to support the Task Force meetings and Policy preparation was accommodated within existing budgets.

DRAFT

CITY OF MORGAN HILL CITY COUNCIL POLICIES AND PROCEDURES

SUBJECT: **ETHICS POLICY**

EFFECTIVE DATE: _____, 2005

ORIGINATING DEPARTMENT: **CITY COUNCIL**

INTRODUCTION

Democratic government can function properly only when the citizenry has confidence in its public officials. Once public trust is damaged, it is difficult to reestablish. As a result, a public agency may not be able to function effectively. Moreover, individual careers or reputations may be irreparably damaged. Hence, it is imperative to foster the highest standards of personal integrity and honesty in discharging public duties. Public officials should never compromise their honesty or integrity for personal gain or advancement. They should remain sensitive to the values of the public they serve.

The citizens, businesses and employees of Morgan Hill are entitled to fair and ethical local government. The ethical operation of local government therefore requires that decision-makers be independent, impartial and accountable. It is the Council's expectation that our city government will act in ways that inspire and retain the trust and confidence of the community we serve.

The City of Morgan Hill has adopted this Ethics Policy to promote the highest standards of personal and professional ethics by individuals charged with carrying on the City's business. This is a "values based" approach to ethical behavior, rather than a rules-based system. It is not intended to address all potential ethical issues which may arise, or to replace the various codes of ethics of professional associations but to supplement those codes.

This Policy articulates values that are designed to ensure the public's confidence by requiring that:

- public officials, both elected and appointed, comply with both the letter and the spirit of the laws and policies affecting the operations of government;
- public officials be independent, impartial, and fair in their judgment and actions;
- public office be used for the public good, not for personal gain; and
- public deliberations and processes be conducted openly, unless legally required to be confidential, in an atmosphere of respect and civility.

DRAFT

To that end, and to foster the highest standards of integrity and honesty, the City Council of the City of Morgan Hill hereby adopts this Ethics Code.

APPLICATION

All elected and appointed officials are required to subscribe to this Code, understand how it applies to their specific responsibilities, and practice the core values set forth herein in their public service.

CORE VALUES

Representatives of the City of Morgan Hill shall be *ethical*. This means they should endeavor to practice the following core values:

1. Honesty. I am honest with my fellow elected officials, the public and others. I am prepared to make unpopular decisions when my sense of the public's best interests requires it; and I take responsibility for my actions, even when it is uncomfortable to do so. I am trustworthy.
2. Respect. I treat my fellow officials, staff and the public with patience, courtesy and civility, even when we disagree on what is best for the community. I respect others' time by coming to meetings prepared and offering observations only when I believe it will move the discussion forward. I work to gain value from diverse opinions and build consensus. I am approachable, open-minded and willing to participate in dialog and I work to convey this to others. I recognize government's responsibilities to everyone. I convey the agency's care for and commitment to its community members through my words and deeds. I am attuned to, and care about, the needs and issues of citizens, public officials and agency workers.
3. Responsibility. I do not accept gifts, services or other special considerations because of my public position. I refrain from any action that might appear to compromise my independent judgment. I support merit-based processes for the award of public employment and public contracts. I demonstrate concern for the proper use of agency assets (such as personnel, time, property, equipment, funds).
4. Fairness. I support the public's right to know and participate in the conduct of the public's business. I am impartial when making decisions. I make decisions based on the merits of the issue.
5. Loyalty. I respect the confidentiality of information concerning the agency's property, personnel and affairs. When presenting my individual opinions and positions, I explicitly state that my opinions do not represent the agency's position and I will not allow the inference that they do.

DRAFT

ACCOUNTABILITY

1. On a yearly basis, all persons subject to this code shall sign a statement affirming that they have read and understood the provisions of this code.
2. Violations of this code shall be punishable, in the discretion of a majority of the City Council, by censure, public reproof, or, for serious violations warranting criminal charges, referral of the matter to the Santa Clara County District Attorney's Office for prosecution.

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
Honesty	I am honest with my fellow elected officials, the public and others.	Encouraging open discussion. Fully disclosing my interests in and my motivations for raising the issue. Acknowledging past mistakes, and attempting to correct them.	Being elusive, indirect. Misrepresenting the motives behind my decision.
	I am prepared to make unpopular decisions when my sense of the public's best interests requires it; and I take responsibility for my actions, even when it is uncomfortable to do so.	Becoming knowledgeable of the pros and cons of all issues, and stating clearly on what basis a decision is being made. Questioning the validity of the proposal or position, and being willing to challenge the status quo or the majority to ensure the proper decision is being made for the right reasons.	Not attending meetings to avoid controversial votes. Unwilling to oppose actions just to avoid controversy. Creating "spin" explanations of mistakes. Blaming or ascribing ownership to others.
	I am trustworthy	Going out of the way to build trust. Carefully considering the impact of one's actions on public confidence.	Not being candid. Taking actions that destroy relationships.
Respect	I treat my fellow officials, staff and the public with patience, courtesy and civility, even when we disagree on what is best for the community.	Actively listening with the intent of truly understanding. If the proposal/issue once opposed now is presented with valid points to convince a reversal in position, acknowledging the validity. Acknowledging the effort whether agree or disagree with the findings.	Being rude, and ridiculing others in public and in private. Ascribing bad motives to those who disagree.
	I respect others' time by coming to meetings prepared and offering observations only when I believe it will move the discussion forward.	Being on-time and prepared. Actively helping the meeting move forward by asking questions, rephrasing statements that are not clear, and making observations to enhance the quality of the debate.	Being unprepared. Monopolizing the conversation; speak off point.
	I work to gain value from diverse opinions and build consensus.	Actively seeking out differing viewpoints and common threads. Encouraging productive debate. Working to craft solutions. Focusing on solving problems.	Refusing to listen/meet/talk/have dialog/interchange. Being unresponsive or ignoring others. Being unwilling to make concessions.

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
Respect (continued)	I am approachable, open-minded and willing to participate in dialog and I work to convey this to others.	Encouraging input and incorporating it into decisions. Being accessible via all media; expressing a willingness to meet with others. Actively listening.	Using a closed, irritated tone of voice and body language. Unwilling to listen to others' opinions.
	I recognize government's responsibilities to everyone.	Facilitating civil dialogue with all elements of the community.	Being biased, prejudiced or arrogant. Engaging in intimidating behavior. Being indifferent.
	I convey the agency's care for and commitment to its community members through my words and deeds.	Volunteering; being a visible part of the community. Attending and supporting community events that reflect "commitment to community." Publicly honoring those who have contributed to the good of the community.	Never being seen publicly, a "no-show."
	I am attuned to, and care about, the needs and issues of citizens, public officials and agency workers.	Establishing citizen/customer/employee-friendly environment. Being a good listener; understanding others' perspective.	Being unavailable.
Responsibility	I do not accept gifts, services or other special considerations because of my public position.	Not accepting gifts which would influence my decisions. Informing those who might offer gifts of the City's core value.	Being "in the camp of;" affiliating with big bucks folks. Seeking public favors for supporters. Accepting special privileges for influencing others.
	I refrain from any action that might appear to compromise my independent judgment.	Declaring conflicts of interest, or even the appearance thereof.	Leaning toward favoring supporters/friends/contributors. Concealing an action "because others might misunderstand."
	I support merit-based processes for the award of public employment and public contracts.	Keeping the public welfare/benefit foremost in consideration. Ensuring that there are open competitive processes based on appropriate criteria that can be measured.	Lobbying for friends for jobs and contracts. "Rigging" the criteria.
	I demonstrate concern for the proper use of agency assets (such as personnel, time, property, equipment, funds)	Treating agency assets like a public trust. Assuring processes are attuned to best interests of the City.	Ignoring the consequences of requests on the time or costs imposed on colleagues, staff or city resources.

CITY CORE VALUES	EXPRESSIONS OF CORE VALUES	POSITIVE BEHAVIORS	NEGATIVE BEHAVIORS
Fairness	I support the public's right to know and participate in the conduct of the public's business.	Ensuring that meetings include opportunities for all people to provide meaningful input. Being proactive by supporting communication processes that inform the public and forums that encourage input.	Discouraging public input and participation by holding meetings at inconvenient times and locations. Rushing decisions. Not allowing everyone to speak who wishes to do so.
	I am impartial when making decisions.	Articulating clearly that decisions I make or support are based on the merits of the project and not on the relationships or the personalities. Making decisions based on criteria that are objective and meaningful.	Demeaning those who disagree with you. Taking care of those that take care of you.
	I make decisions based on the merits of the issue.	Researching to thoroughly understand all issues including the pros & cons of alternatives. Explaining your decision thoroughly.	Being closed; don't listen, reject out of hand, etc. Appeasing the loudest group.
Loyalty	I respect the confidentiality of information concerning the agency's property, personnel and affairs.	Seeking guidance when in doubt about the confidentiality of information. Keeping commitments. Honoring the process; respecting the procedures. When change is needed, changing within the system.	Giving out information when it serves my personal purposes even if it hurts others. Making something confidential to avoid controversy or loss of face or to cover up issues that should be public. Using confidential information to gain credibility or to discredit others. Divulging information to selected sources for gain or prestige.
	When presenting my individual opinions and positions, I explicitly state that my opinions do not represent the agency's position and I will not allow the inference that they do.	Declaring conflict of interest on issues or matters for which have or could have personal gain.	Speaking for the agency or any fellow body member without explicit authorization.



CITY COUNCIL STAFF REPORT

APRIL 20, 2005

Agenda Item # 29

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

RECONSIDERATION OF FISCAL YEAR 2005/2006 OPERATING AND CAPITAL IMPROVEMENT BUDGET SCHEDULE

RECOMMENDED ACTION(S): Consider Mayor's request to reschedule the Fiscal Year 2005/2006 Budget Workshop

EXECUTIVE SUMMARY:

On February 16, 2005, staff presented the City Council a recommended Fiscal Year 2005/06 Operating and Capital Improvement Budget Schedule. The Budget Schedule, as approved by the Council, is as follows:

Dates	Event
Fri, May 13	Proposed FY 2005/06 Budget given to City Clerk's Office for distribution
Wed, May 18	Proposed FY 2005/06 Budget presented to City Council as agenda item
Fri, May 20	Proposed Workshop with City Council. Department presentations
Wed, June 15	Public Hearing for Proposed FY 2005/06 Budget & CIP Program and Workplan
Wed, June 22	Proposed adoption of FY 2005/06 Budget

At the meeting of April 6, 2005, Mayor Kennedy requested that staff agendize the discussion of rescheduling the May 20, 2005 Budget Workshop for Council consideration. Mayor Kennedy indicated that he has a scheduling conflict on May 20. Staff has agendized the Budget Schedule for Council discussion and direction. The date the Council selects to conduct its Budget Workshop may impact the Public Hearing and Budget adoption dates. Staff will be available to address the timeline associated with achieving the adoption of a Fiscal Year 2005/06 Operating and Capital Improvement Budget Schedule by June 30, 2005.

FISCAL IMPACT: No Fiscal Impacts.



CITY COUNCIL STAFF REPORT

MEETING DATE: April 20, 2005

AWARD CONTRACT FOR CONSTRUCTION OF INDOOR RECREATION CENTER

RECOMMENDED ACTION(S):

1. Approve project plans & specifications.
2. Staff recommendation to be presented at, or prior to, the Council meeting.

Agenda Item # 30

Prepared By:

Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: In January 2005, staff advertised for General Contractors to prequalify as bidders for the construction of the Indoor Recreation Center project. In mid-February, it was determined that seven of eight who submitted were qualified to bid. Of those seven, four submitted and public bids were opened March 22, 2005. As noted on the attached bid results matrix, the apparent low bidder is West Bay Builders, Inc. with a total base bid of \$15,748,000, or approximately 3% under the \$16,200,000 construction cost estimate. Staff is still evaluating the bids and will present a recommendation at, or prior to, the Council meeting. At this time, staff is evaluating options which include awarding to the apparent low bidder, awarding to another responsible bidder, or rejecting all bids and re-bidding the project.

FISCAL IMPACT: The current year CIP (Project #229001) has a total of \$5,803,858 which is sufficient to fund this project as recommended through the 04/05 fiscal year. If Council awards the project, the remaining funding needed to complete the project will be placed in the recommended 05/06 CIP budget. No additional funding is required.